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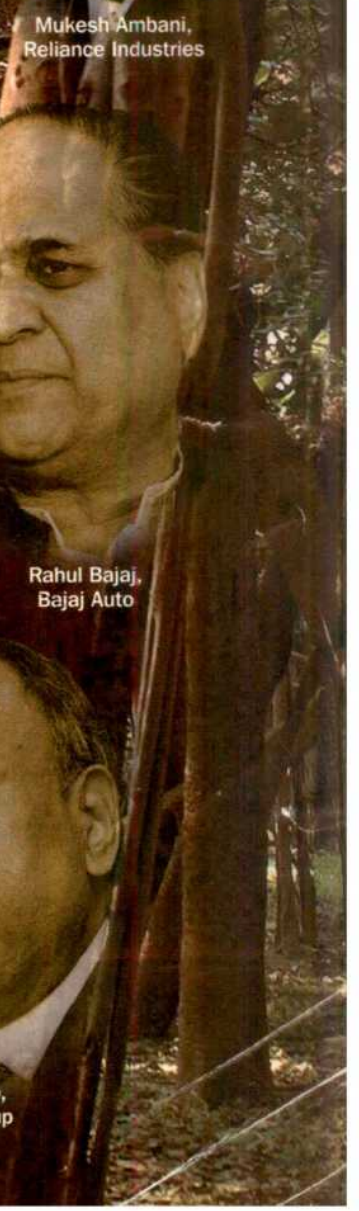
Businessworld

Lessons from the Banyan tree

After a spate of feuds, Indian business families are learning how to split and still flourish



Mukesh Ambani, Reliance Industries

Rahul Bajaj, Bajaj Auto

G.M. Rao, GMR Group

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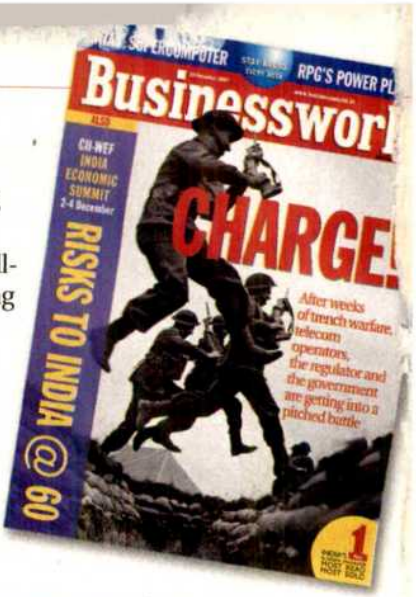
Losing focus



❑ Your story 'War For Air Waves' (*BW*, 10 December 2007) highlights the hoarding tendencies displayed by well-established telecom companies. Going by the figures, the scope for re-farming is huge. However, the regulators want their share of the pie and so the consumers suffer as they are charged more when the telcos bid exorbitant amounts for spectrum. The telecom boom is often compared to that of IT. It touches more people, educated and uneducated alike, and is probably the most networked service, despite the lack of infrastructure. However, quick-fix money making reforms, designed to please few influential players, are the surest way to jeopardise what could become the world's most cost-effective network.

Sudeshna Thakkar, *via e-mail*

P32935

A SMART MOVE

Carrefour's entry into the retailing scene in India ('Carrefour's Leap Of Faith', *BW*, 10 December) again brings to the fore the FDI-in-retail debate initiated about a year ago. The way the drama subsided abruptly without any tangible results was unreal. Carrefour's strategy of using franchisees is smart as it will have given it a headway in the market by the time FDI is allowed, which seems likely to happen.

Neha Dhawan, *via e-mail*

FORGETTING FOUNDATIONS

It is ironic that your story 'Ten Hurdles To 10% Growth' (*BW*, 10 December 2007) conveniently forgets the hurdles faced by the agriculture sector, which contributes 20 per cent to GDP and employs more than 60 per cent workforce. Many economists cry foul of so-called agriculture subsidies from the roof tops of industry federations. These subsidies are usurped by inefficient fertiliser producers, bankrupt electricity boards, etc. Unless the agriculture sector is liberalised by removing restrictions on size of holdings, sale of produce and import of inputs, there is no hope for sustained 10 per cent growth.

H. Phani, *via e-mail*

STANDING FOR TRUTH

It was encouraging to read your opinion 'Exorcising The Beast' (*BW*, 12 November, 2007) since you have chosen to stand for truth and social justice instead of playing cheap politics of appeasing the majority. I felt hurt for the heinous crime perpetrated post the Godhra riots in Gujarat by a few people from my community. It is comforting that there are people who take such matters of national shame seriously and come forward with suggestions for prevention of the same in future.

Subhash Sadhu, *via e-mail*

The letters have been edited for brevity.

Write in at
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in this issue

FAMILY MATTERS: (From left to right) Mukesh Ambani and Anil Ambani, Rahul Bajaj and Shishir Bajaj, and Bhai Mohan Singh and Parvinder Singh

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Surviving Succession

With family feuds hurting businesses, not to mention relationships, many of India's leading business families are working overtime to put in place mechanisms that ensure amicable resolution of disputes.

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Cover picture: The 250-year-old Great Banyan Tree at Indian Botanic Garden, Howrah, West Bengal

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BW Online

- **Soft Skills:** An IT finishing school tries to fill in a skill gap being increasingly felt by technology companies. Sanjitha Rao Chaini reports.
- **Foreign Law Firms:** The government still can't make up its mind on the issue of allowing them to practice here, reports Seetha.

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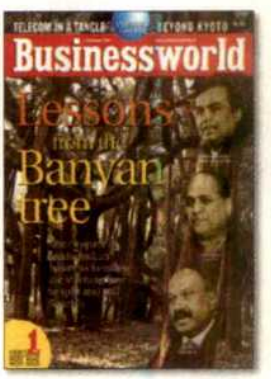
Familial challenges

FAMILIES can be trouble and family-run businesses can be trouble for the economy. About 75 per cent of Indian businesses are family-owned, and their growth is often hostage to the whims of patriarchs, anxieties of spouses and rivalries of siblings. Professionalism is one reason western companies dominate the global landscape. The hope that Indian companies will also shake off family ties as they grow, as happened in the West, is misplaced. As the economy has boomed, business families have increased stakes in their companies.

These families are betting their success on their scions being geniuses and/or separating ownership from management, that is, giving scions the dividends from a company but depriving them of control. But entrenched mentalities impede the implementation of the second idea. More often than not, scions want to run the companies they inherit, and often scion siblings have different ideas about how to do this. Such feuds and the resulting splits hamper a business's ability to build scale and grow in the same way the splitting of farmers' land into smaller pockets hurts agriculture.



When clans war in the corporate world, it is small investors that become 'collateral damage'. It's natural for the hurt parties to rail against business families. But Indian and Asian culture has always had the family as the central unit. We are proud of this and sneer at the social disconnectedness of western society. Yet it is our excessive focus on family that keeps us from strengthening our wider contract with society. Ironically, average people in the US routinely do charity, engage in civic issues and form national networks based on values and ideas, not just blood, caste or creed, which remain the dominant basis for political organisation in India.

Even as we acknowledge this, we are helpless to change it. But what we can do is mitigate the downside of our tribal tendencies. At a political level, we haven't the foggiest idea of how to do this. But after a spate of messy splits, many business families started consulting professors and family management specialists to separate their businesses sensibly. We hope smaller businesses across the country will be inspired to imitate this. India Inc.'s success is very dependent on it.

Jehangir S. Pocha, Editor

RELIANCE INDUSTRIES

Exploiting PSU virtues

BURNING ISSUE: The deal will help government save subsidy on gas

SUBHABRATA DAS

Mukesh Ambani's Reliance Industries is tying up with public sector company Gail to supply gas to homes

MUKESH Ambani likes to think ahead — and think big. He is now keen that the country moves slowly away from being an oil-dependent economy to one where abundant natural gas will drive energy needs. Not without reason — his 33 wells along the east coast start pumping out gas next year.

Ambani is busy tying up the supply chain to ferry gas to homes in India that depend on liquefied natural gas sold by public sector oil companies at Rs 294 per 14-kg cylinder.

Last week, Reliance Industries (RIL) shot off a proposal to Gail India to supply natural gas to the latter's eight-city gas distribution companies that supply piped gas to homes and commercial users in Mumbai, Delhi, Hyderabad, Kanpur, Agra, Lucknow, Bhopal and Pune.

The talks are at a nascent stage. The two have already joined hands to build petrochemical plants in feedstock rich countries through a special purpose vehicle. It is a win-win situation for the two — RIL could leverage the government-to-government contacts and, in turn, gain from Gail's technical expertise. Mukesh's strategy is similar to that of steel magnate Lakshmi N. Mittal. Mittal, the world's largest steel maker, tied up with state-owned HPCL to build oil refineries in India, and with ONGC to buy oil and gas fields abroad.

A tie-up with GAIL will bring a dedicated customer base for RIL's gas, which has a proven reserve of 11.2 trillion cubic feet from one well (KG-D-6 basin). It will adhere to government norms of building pipelines on a common-carrier basis and avoid duplication of high-cost pipelines. The government could save its subsidy of Rs 174 a cylinder, oil companies could save money on logistics cost, and customers may get cheaper gas minus the waiting period.

Commercial users in the manufacturing sector that use liquid naphtha, diesel and furnace oil can easily switch to natural gas to save energy costs as they roughly pay double the price of natural gas ($4.5-6 mmbtu) now. RIL is in a hurry to sew up an agreement as the demand-supply gap for natural gas is widening by the day. The demand for CNG is more than twice at 200 mmscm per day against a supply of just 80.

And Gail is the ideal choice given its 5,800-km high-pressure trunk pipeline that has a capacity to carry 130 mmscmd of natural gas across the country. Gail has leveraged its pipeline network as it recently bagged the right to market the entire 17 mmscmd gas produced from Panna-Mukta-Tapti fields jointly owned by RIL, ONGC and British Petroleum for a margin of $0.12 for every one million BTU of gas sold. This will increase its margin by Rs 100 crore and transportation margin by Rs 450 crore. ■

BAIJU KALESH

BLOOMBERG

"Iran was dangerous, Iran is dangerous and Iran will be dangerous if they have the knowledge necessary to make a nuclear weapon."

US President George W. Bush after the US intelligence community said that Iran had halted a drive for atomic weapons in 2003

SUBHABRATA DAS

MINE IS BIGGER: The mall on Phoenix Mills land covers 25 acres

MALL MANIA

Phoenix rises

LARGE malls only trigger quests for larger ones. In Mumbai's old mill district of Parel and Lalbaug, DLF is building the city's largest mall in what was once the 18.5-acre Mumbai Textiles Mill.

DLF's neighbour in Parel, the T.B. Ruia Group's Phoenix Mills, announced a retail-led development of 3 million sq. ft, spanning the mill's 25 acres. Phoenix Mills, with its High Street Phoenix brand, was the first to bring large format retail and entertainment to Mumbai with projects such as The Bowling Company and the discotheque, Fire 'n Ice. However, legal controversies kept this mill property in a state of disrepair.

Phoenix was the only private mill that refused to adopt the three-way sharing formula. Phoenix's director Atul Ruia used the plinth area of the old mill structures for development. But after the Supreme Court reinterpreted the formula as only applicable to mill lands that had not been constructed upon, Phoenix Mills changed tack.

Thus, the first phase — Courtyard, with 200,000 sq. ft of retail space — will continue under the old formula of using the development rights of the old mill plinth. New projects including a PVR multiplex and a 50-story hotel franchised to Shangri La Hotels will be developed as per the new sharing formula. Phoenix Mills has raised around Rs 317 crore through a preferential allotment. A matching amount was raised though a qualified institutional placement. The company is also tying up a $300-million (Rs 1,200-crore) fund to finance its retail-led growth in other cities ■

GURBIR SINGH

16 per cent Projected decrease in the world's agricultural production by 2020 due to global warming and land used for certain crops shrinking, according to the International Food Policy Research Institute

HEALTHCARE

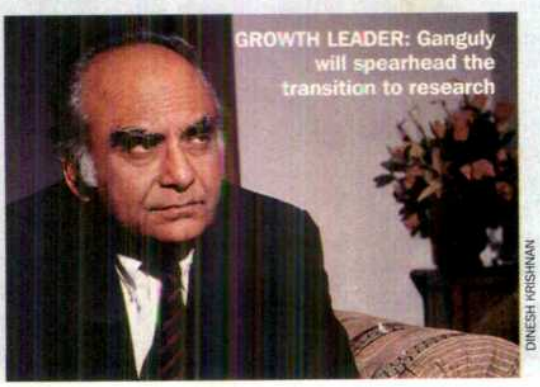
Apollo Hospitals fields Ganguly

NK Ganguly, the former director general of the Indian Council of Medical Research (ICMR), has joined the Apollo Hospitals group. He is the second eminent scientist to join the group after Ranjit Roy Choudhruy joined Apollo Hospitals in 2006.

The appointment of a high-profile scientist, who is respected all over the world, is a crucial step for Apollo Hospitals as it is attempting to make a transition from a tertiary-care, multi-location and multi-speciality hospital to an institution focused on research.

After a 25-year-long journey, the group has set its eyes on becoming a centre of excellence on the lines of Johns Hopkins, Cleveland Clinic and Mayo Clinic — institutes that are regarded as the front-runners in healthcare research and clinical excellence.

Ganguly is a specialist in infectious diseases and biotechnology, and has been heading ICMR for the past five years. His experience and linkages, both national and international, will come in handy for Apollo Hospitals, which is putting together a team to take forward transnational research as well as clinical trials.



DINESH KRISHNAN

GROWTH LEADER: Ganguly will spearhead the transition to research

In a looming scenario where hospitals will come into pre-eminence to conduct research, Apollo Hospitals is moving ahead quickly to put together a task force that gives it a lead over others by accelerating research programmes. ■

GINA S. KRISHNAN

TRIBHUWAN SHARMA

IFCI

Getting pricey

HIGH RISE: In the past 12 months, IFCI's share price has risen 10-fold

THE decision of the IFCI board to allow a clutch of state-owned banks and insurers to convert their zero-coupon optionally convertible debentures into equity in the company, the country's largest and only surviving developmental financial institution, comes as a rude shock to prospective investors. Rough calculation indicates that the strategic investor would have to arrange at least an additional Rs 350 crore (taking IFCI share price at Rs 105 a share) to maintain its stake at 26 per cent.

In November, IFCI had invited expressions of interest for selling a 26 per cent stake to a strategic investor. Eight parties showed interest and four undertook due diligence. They are scheduled to submit their financial bids on 14 December. The IFCI board will meet on 19-20 December to open the bids.

While the state-owned banks will convert all their debentures into equity, Life Insurance Corporation and General Insurance Corporation (together holding 13.67 per cent) have decided to convert only the portion required to maintain existing holding. This means debentures worth about Rs 1,250 crore will be converted into equity. At the current share price, the number of outstanding shares will increase by 12 crore. The investor will have to subscribe to additional shares (about 3 crore) so that its 26 per cent interest is protected.

The sources said the four prospective investors that conducted due diligence are now even more concerned about the sharp rise in the IFCI shares. A higher stock price will substantially raise the cost of acquisition. ■

P.VAIDYANATHAN IYER

ANIL AMBANI

Leveraging his own wealth

LAST week, Anil Ambani said he would invest Rs 6,500 crore to shore up his ownership to 42 per cent in Reliance Energy (REL).

Promoters use their personal money to plough back into their businesses for three reasons. First, to show their confidence to investors in the company's future prospects; second, to ward off a takeover threat as was done by Kumar Mangalam Birla in Hindalco Industries; and third, to strengthen the company's net worth.

For Anil, the investment was to double REL's net worth to Rs 20,000 crore and leverage it to execute REL's Rs 18,000-crore order book of roads, highways and commercial properties. REL has already bid for projects worth Rs 1 lakh crore. The company also wants to transform into a full-fledged infrastructure player. The newly carved out Reliance Power would focus on new large projects in India. REL would scout for projects, both in India and abroad.

BLOOMBERG

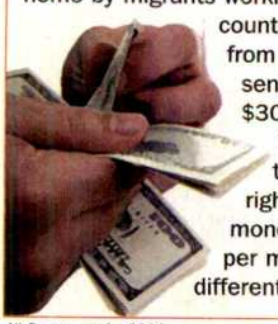
RAISING HIS STAKE: Anil Ambani is eyeing overseas projects

A higher net worth will help REL qualify to bid for upcoming opportunities in South-East Asia and West Asia. Dubai and Abu Dhabi have plans to invest close to a trillion dollars in infrastructure. So the idea is to strike when the iron is hot. ■

BAIJU KALES

Money rolls in a flat world

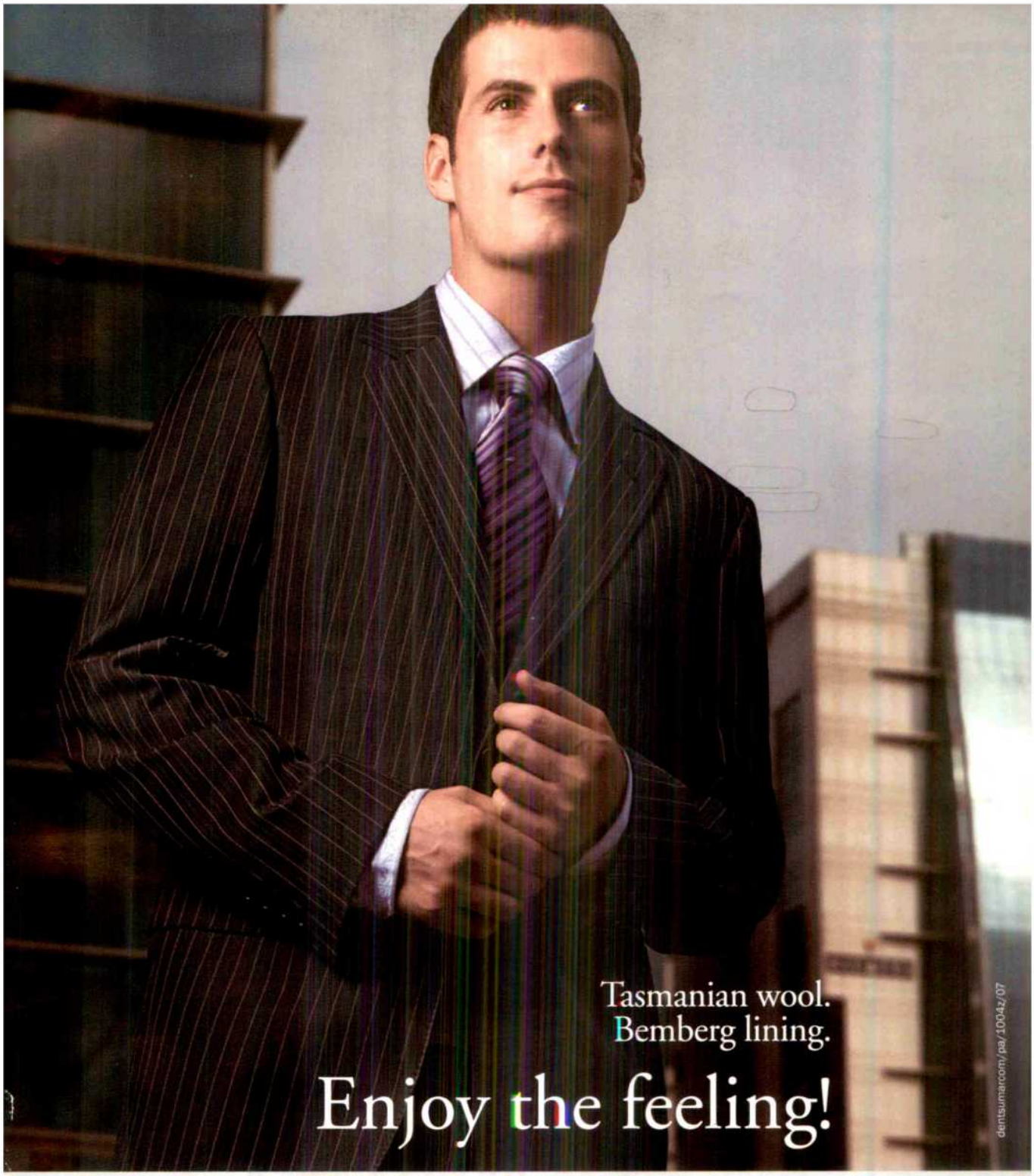
ONE in 10 people in the world directly benefits from money sent home by migrants working in other countries. Migrants from poor countries sent home about $300 billion in 2006. The table on the right shows the money sent home per migrant for different countries.



Brazil	$7,325.38
Swaziland	$6,573.07
Philippines	$3,644.83
China	$3,620.89
Malaysia	$3,014.55
Thailand	$2,830.08
Turkey	$2,332.75
India	$2,246.58
Pakistan	$1,821.69
Egypt	$1,454.47
Bangladesh	$1,186.75
Russia	$1,140.11

All figures are for 2006.

Source: Inter-American Dialogue



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The Raym

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GUJARAT ELECTIONS

The lure of Modi

ROLE PLAYER: Gujarat CM

AP

WHEN it comes to making pre-election promises, politicians are inclined to be reckless. Gujarat Chief Minister Narendra Modi is in this respect a complete oddball. A BJP functionary who went to him with a draft of the party's election manifesto was bluntly told to first assess the financial impact of the major commitments. "I can't go around promising free TV sets," he told the puzzled apparatchik.

There are two facets of Modi that perplex the political class. At one level he is the archetypal Gujarati entrepreneur carefully assessing each and every risk and proceeding with a blend of daring and caution. At the same time he is an incorrigible populist who has his finger firmly on the emotional pulse of the electorate. Disdainful of political correctness, he has raised the level of political debate and, simultaneously, pandered to the prejudices of those who support him.

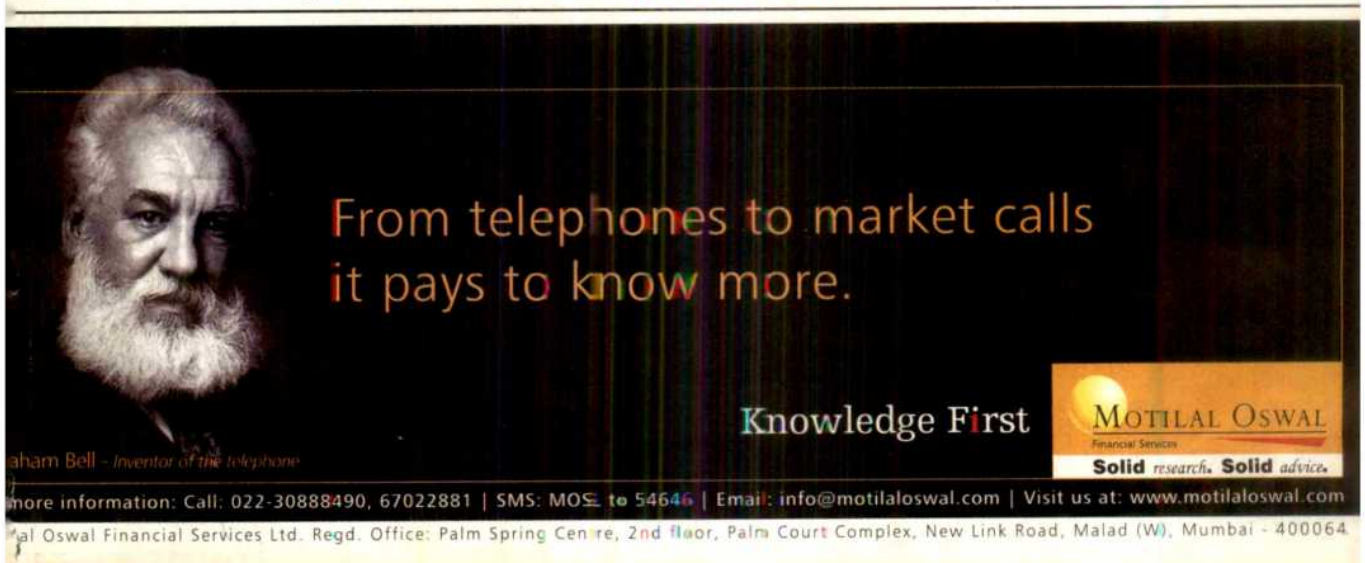
Five years after he stormed into the political limelight in the wake of the Gujarat riots for which many held him culpable, Modi evokes polarised responses. Those who hate him — and this community extends to leaders of his own party — do so with passion; those who admire him — this fraternity extends to well beyond Gujarat — do so with a frenzy reserved for cult gurus and pop stars. The Gujarat election, consequently, is centred on one issue: Narendra Modi. It is a referendum on Modi.

The chief minister's plank is an adroit blend of personal charisma, actual performance and regional populism. He warmed up to the campaign with three months of intense touring of the districts where he spoke nothing but development and Gujarati pride. Yet, when the actual campaign got under way, he switched effortlessly from merely highlighting Vibrant Gujarat to lashing out at the 'enemies' of Gujarat. Political strategists believe he has learnt the lessons from the failure of Chandrababu Naidu and the India Shining campaign, and is determined to combine sound economics with 'good' politics.

What will another Modi win mean for Gujarat? To put it bluntly, it will be heartening news for economic reforms. Modi is one of the few politicians ideologically committed to entrepreneurial capitalism. He sees a limited but focused role for the government, mainly as a facilitator, and has put a premium on bureaucratic efficiency. Modi believes that you don't need a revolution to harness India's creative potential: with commitment and motivation, the existing system and the existing *babus* can be transformed. He plans to make Gujarat the SEZ capital of India and ensure that the state maintains a steady 12 per cent growth rate for the next five years. Modi's ardour, unfortunately, is not shared by the political class. In the course of five years, the chief minister has systematically curtailed the vices, patronage and discretionary powers of local politicians. From streamlining transfers and posting to rigidly insisting on fair user charges for services, he has hit politicians where it hurts most. Modi has changed the rules of governance.

A conclusive Modi victory is certain to create an upheaval within his party. The average BJP voter is certain to demand that he assume a larger national responsibility. The RSS, which has a disproportionate stake in the BJP, isn't going to be too happy. Its top leadership believes Modi's approach is too personalised and will contribute to a personality cult-based politics. Yet, even the RSS knows it can't resist the tide for too long. For the moment, he is likely to resist the temptation to enlarge his political sphere — at least till 2010, when Gujarat celebrates its Golden Jubilee. But in the long run, Modi's transition to the national stage may well be inevitable. ■

SWAPAN DASGUPTA



M&A Keep pace with the latest news and deals in the Indian and Asian merger and acquisition markets with the *BW* fortnightly M&A Tracker

Chemistry to fuel growth

THE Bangalore-headquartered Strides Arcolab, exporter of branded generic pharmaceutical products, has sold a 50 per cent stake in Strides Latina, a Brazilian subsidiary, to Aspen of South Africa for $152.50 million (Rs 625.25 crore).

Aspen is a South Africa-based pharmaceutical manufacturer and a supplier of branded pharma, healthcare and nutritional products in southern Africa and has businesses in Australia, India, UK and the US. Aspen will acquire shares from the Strides subsidiary for $58.5 million (Rs 239.85 crore) and subscribe to fresh shares for $94 million (Rs 385.4 crore). The transaction values the Latin American operations of Strides at over $260 mn (Rs 1,066 crore).

"Aspen has been Strides' first key partner, and I am particularly delighted that the partnership has grown based on strong fundamentals of capability and trust," says Arun Kumar, vice-chairman and group CEO of Strides Arcolab.

"We have worked closely with Strides Arcolab since 2003," says Stephen Saad, group CEO of Aspen. "The close collaboration has resulted in Strides becoming a significant manufacturing and development partner to Aspen in both Africa and Australasia."

AMIT VERMA

SYNERGIES: Strides and Aspen are extending their partnership

Strides' Latin American operations were initiated in 2000, and generated sales worth $75 million (Rs 307.5 crore) as of 31 December 2006.

Strides, too, is expected to acquire a 51 per cent stake in Co-Pharma, Aspen's UK-based arm, for $5.39mn (Rs 22 crore). "This will enable Strides to enter and begin front-end operations in a competitive generic market in the UK," says Kumar. Strides will also acquire 80 per cent of Formula Naturelle, a 100 per cent-owned subsidiary of Aspen, for Rs 19.7 crore (35 million rands), which will own a basket of nutraceutical products currently marketed by Aspen in South Africa. "Formula Naturelle fits well into Strides' soft gelatins capsules business in India and has leveraging capability to take this brand global," says Kumar. ■

BAIJU KALESH

BW-Thomson Financial M&A Tracker

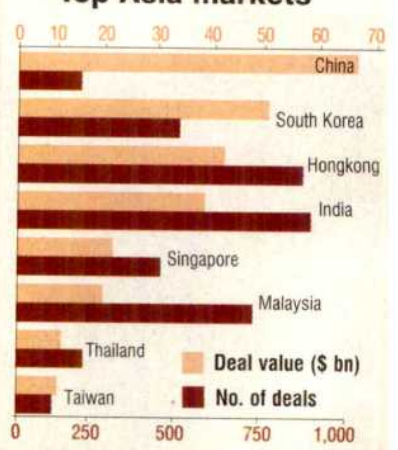
December The Asian M&A market saw 6,752 deals worth $290.16 billion (Rs 11.9 lakh crore) as on 3 December 2007. China was the largest market in the region with 2,235 deals worth $66.6 billion (Rs 2.7 lakh crore).

Top 10 Asia deals

TARGET	TARGET NATION	ACQUIRER	ACQUIRER NATION	DEAL SIZE ($m)
Sprint Nextel	United States	SK Telecom	South Korea	5,000.00
Fortis Group	Belgium	Ping An Ins (Grp)Co of China	China	2,671.98
PNOC Energy Dvlp	Philippines	Investor Group	Philippines	1,360.47
NITIC	China	Sihuan Pharmaceutical	China	1,102.27
Southwest Securities	China	Chongqing Changjiang River	China	975.88
Magnum Corp Bhd	Malaysia	Investor Group	Malaysia	656.77
Bank of East Asia Ltd	Hong Kong	BOC Hong Kong	Hong Kong	507.73
Nice Entrp Trading HK	Hong Kong	New Paradigm Productions Inc	United States	234.36
Ramkhamhaeng Hospital PCL	Thailand	Bangkok Dusit Med Svcs	Thailand	228.94
Leaders PJ	South Korea	Good Entertainment Media Group	South Korea	205.91

Figures for 1 January-3 December

Top Asia markets



Figures for 1 January-3 December

Looking for new recipes

ON 18 November, Mumbai's Plethico Pharmaceuticals agreed to shell out $80.7 million (Rs 330 crore) in an all-cash deal to buy US-based nutraceuticals company Natrol. Shareholders owning around 42.3 per cent have committed to sell their shares. The company has funded the acquisition through foreign currency convertible bonds offering worth $75 million (Rs 307 crore) and the residual proceeds of an initial public offering in 2006.

Natrol, with revenues of about $65 million (Rs 265 crore) in 2006, sells herbal teas, sports nutrition products and health supplements in the US, the UK and Hong Kong. "This will help Plethico consolidate its position as a leading global herbal and nutraceutical player," said Shashikant Patel, chairman and managing director of Plethico. Plethico started out as a pure-play pharma company in the early 1960s. It has for some years been turning into a consumer products player. The maker of TB and malaria drugs reoriented its business strategy in 2003 when it sold off its Indian pharmaceutical finished dosage business to Shreya Life Sciences. Herbals and nutraceuticals now account for half the company's revenues, and 71 per cent of its exports. The acquisition is a bid to emerge as a player of scale in the nutraceuticals business.

A report by domestic brokerage First Global says the acquisition should also help Plethico reduce its dependence on Russia and the CIS countries, which account for about 31 per cent of its overall sales. It will also double Plethico's revenues to almost Rs 1,000 crore. The company clocked net sales of Rs 318 crore in 2005-06. First Global estimates the revenue for the 15-month period ending December 2007 to be Rs 435 crore, after adjusting for the acquisition. ■

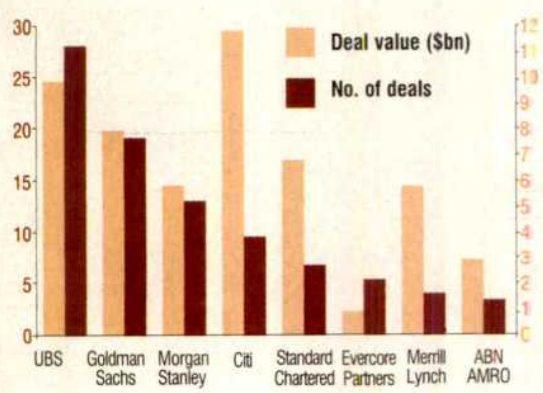
GAURI KAMATH

For feedback and comments, write in to dealtracker@bworldmail.com

SANJAY SAKARIA

VITAMINS: The buy will help Plethico's transition to a nutraceutical player

India financial advisory rankings



Figures for 1 January-3 December

Top 10 India deals

TARGET	ACQUIRER	DEAL SIZE ($m)
Strides Latina	Aspen Pharmacare Holdings	152.50
India Infoline Invest Svcs	Orient Global	76.70
Natrol Inc	Plethico Pharmaceuticals	80.70
ING Vysya Bank	Investor Group	40.10
FTC India	Investor Group	39.46
Panasonic AVC Networks India	Matsushita Electric Industrial	6.55
Ritesh Ppty	Investor Group	5.56
Co-Pharma	Strides Arcolab	5.39
Central Depository Svcs	Croupier Prive Pvt Equity	4.08
SRF Polymers	Investor Group	2.43

Figures for 1 January-3 December

League tables are credited proportionately among financial advisors involved in a deal whether the firm participated as target or acquirer financial advisor.

Note: Figures are based on ultimate parentage, meaning than an M&A deal carried out by a unit abroad will still be counted as that of the home country, provided the overseas unit is majority owned by the parent. Deal value is the total value of the consideration paid by the acquirer, excluding fees and expenses but including liabilities assumed. If the acquirer is buying 100 per cent of a non-financial company from a current held percentage of less than 50 per cent, deal value is calculated by subtracting the value of any liabilities assumed by the acquirer and adding the target's net debt. US dollar equivalents are computed using the exchange rate at the time of the deal's announced date.

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comment

by omkar goswami

Why not free the capital account?

The author is the founder of CERG Advisory that specialises in corporate consulting and economic advisory services. He can be reached at omkar.goswami@cergindia.com.

AS a tribe, we economists are prisoners of our old learning and, thus, generally behind the curve on many issues. We also hate to be proven wrong. That's why we use multiple caveats for anything that we say — every pronouncement must contain at least one 'but on the other hand' sentence. Unambiguous and clean decision making is not in the domain of most risk-averse economists.

I write this with a purpose. At the end of November, our foreign exchange reserves stood at $272 billion. That is $73 billion more than what the country had on 31 March 2007. It translates to an average net inflow of over $9 billion per month. Even a year ago, no economist or policy maker could have visualised dollars coming in the way they have over the past eight months. Two years ago, if anyone said that India would attract even $5 billion per month, he would have been promptly certified as a lunatic.

But it has happened. And, barring cataclysmic events in global financial markets, India should continue attracting more dollars with every passing month. The reason is straightforward. Virtually every international investor now accepts the sustainability of an 8 per cent annual GDP growth story. Given India's infrastructure, some investors may not buy into 9 per cent or 10 per cent growth; but there is a general consensus that India can grow at 8 per cent per annum over the next five to seven years.

That being so, everyone wants to invest in India. It has substantial growth potential. It has an efficient and well regulated capital market. And it has a large number of well performing listed companies that annually generate some of the best profitability ratios in the world.

Therefore, if the 8 per cent growth story holds — as everyone expects it will — we should also anticipate continuing dollar inflows. Today, we have a currency reserve that can support over 15 months of imports, even with crude oil prices being the way they are. If anything, the buffer will soon rise to a cover of 24 months.

So, the steady growth in net foreign currency inflows is a given. In our current structure of the economy, can we expect a similar, or greater, amount of foreign currency outflows? The answer is negative. The import intensity of India's manufacturing sector remains low; there are still many tariff and non-tariff barriers to finished goods imports; and while the merchandise trade deficit may widen over time, it will not be so large as to wipe out the capital inflows. Thus, if anything, we should expect the exchange rate to continue appreciating. I, for one, believe that India will be witnessing an exchange rate of Rs 35 to a US dollar fairly soon.

In this scenario, there is absolutely no excuse left for maintaining controls on capital account convertibility. In fact, there really are no constraints for capital flows that matter. To give just one example: any foreign institutional investor can book whatever profits he wants, and repatriate the funds without any problems. To worry about maintaining a lid on the capital account when reserves were under $100 billion was one thing. To give 'reasons' for having multiple controls when our reserves are over $270 billion and rising is quite inexcusable. I'll bet that with full capital account convertibility, there would be no panicky flight of funds. In fact, people will see this as a sign of confidence and, if anything, net inflows will only increase.

Let's not spout hackneyed reasons like the banking sector is not ready for it; or that we need greater financial maturity before fully opening the gates. Today, these hollow excuses serve only one purpose: to preserve work for many at the Reserve Bank of India. Let the RBI focus on controlling inflation, maintaining orderly exchange rate movements and bank supervision. And let businessmen decide whether they want to borrow from abroad or not; or whether they want to invest abroad in companies, properties or securities. Without limits.

India has grown up. Time has come for economists, regulators and policy makers to understand what that means. ■

Time has come to fully free the capital account. There are no excuses left for needless controls

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Twists & turns of the spectrum tangle

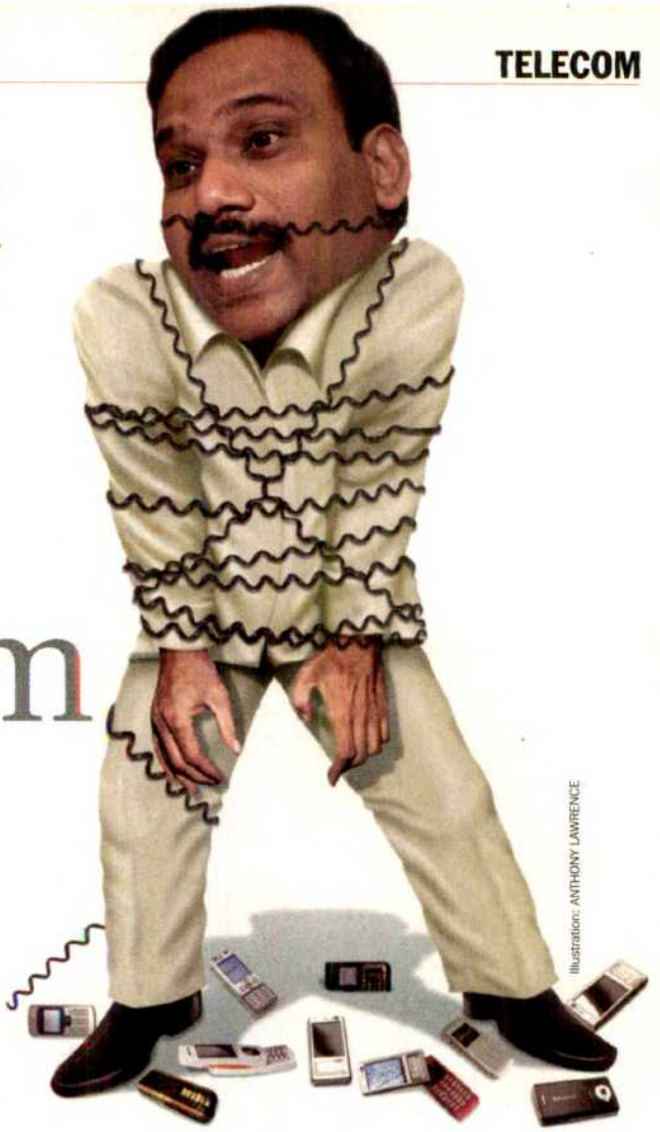

Illustration: ANTHONY LAWRENCE

Letters have been written and clarifications asked for, but there is no end in sight for the war on spectrum

ANUP JAYARAM

EXPECTATIONS were high that Department of Telecommunications (DoT) Secretary D.S. Mathur will be able to broker peace in his meeting with mobile telecom service providers on 3 December. But instead of a formula, there were just some options thrown before the telcos, only to leave everyone disenchanted. No sooner was the meeting over than the GSM-based service providers (Bharti Airtel, Vodafone, etc.) donned war fatigues and said that the tightened subscriber norms meant there would be no immediate allocation of spectrum.

The DoT's options were a long shot from what mobile operators were hoping for. For starters, the DoT wanted operators to agree to the Telecom Regulatory Authority of India's (Trai) suggestion of a 2-4 times increase in subscriber base to qualify for additional spectrum. In return, new operators such as Reliance Communications (RCom) would be provided 4.4 Mhz of spectrum initially instead of 6.2 Mhz. It also proposed to cap spectrum availability at 10 Mhz for GSM operators and 5 Mhz for CDMA service providers in each circle. The department also sprang a surprise by suggesting a cap on the tariff that mobile operators can charge consumers.

Simultaneously, the players were told there would be no going back on the decision to permit dual spectrum usage under the same licence. Or, in other words, Reliance's GSM licence was a given now. A top executive of a GSM service provider pointed out that the Cellular Operators Association of India (COAI) had approached the Telecom Disputes and Settlement Tribunal (TDSAT) opposing the recommendations of Trai on fixing subscriber base as a criterion for extra spectrum. "So, there is no question of agreeing to that."

A Background Check

The debate over spectrum started after Trai had, in end-August, recommended letting operators offer multiple technologies, and that there be no cap on the number of operators in a circle and announced a new set of subscriber norms to be eligible for additional spectrum.

A couple of days after Mathur proposed these options, CDMA operator Tata Teleservices also expressed discontent. It argued that allocation of spectrum was not fair. "When all that they are talking about is a 2:1 allocation of spectrum between GSM and CDMA operators, there is no solution," says Anil Sardana, managing director of Tata Teleservices. "It is precisely this allocation of spectrum that made CDMA operators look at GSM services." Currently, while GSM operators get 6.2 Mhz, CDMA operators get 3.75 Mhz.

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Solving the PUZZLE

DoT Suggestion	GSM operators say	Will it happen?
Opt for TRAI norms for getting additional spectrum. TEC will not be considered	No way. They approached TDSAT based on this	They could agree to an increased number, but nowhere near what TRAI recommended
Agree to dual technology for mobility	Are opposed to it	They do not have a choice once it is policy
Cap spectrum at 10 Mhz for GSM and 5 Mhz for CDMA	Need additional spectrum in the big circles. Can cap it at 10 Mhz for rest	Could happen, though CDMA will object
Need to cap tariffs	Tariffs are anyway quite low. So no need to cap	Seems unlikely

That difference is because during the battle for limited mobility in 2002, the CDMA operators body, the Association of Basic Telecom Operators (now called the Association of Unified Telecom Service Providers of India or Auspi) had in a written submission claimed that "for a high mobility application in a 10-Mhz spectrum allocation, the capacity of CDMA is 64E per sector or 4.8 times greater than the Erlang capacity in GSM". That became the basis for deciding spectrum allocation then.

As things stand today, GSM operators are in the process of formulating a counter-proposal to the DoT package. As a compromise, they may be willing to scale up the subscriber base from the present requirement for more spectrum. But it will definitely not be close to what Trai has suggested. Second, GSM operators are fine with a cap of 10 Mhz in the circles so long as they get some additional spectrum in the metropolitan cities. After all, the entire battle for spectrum is in the central business districts of the biggest cities, where active mobile subscribers are concentrated. In Mumbai, for example, there are an estimated 22,883 mobile users per sq. km as opposed to 198 in Punjab.

'Dual' Jeopardy

For dual spectrum, the GSM operators have suggested that the additional spectrum be added to the existing spectrum that CDMA operators already have. To illustrate, in case a CDMA operator has 3.75 Mhz of CDMA spectrum in a circle, the total spectrum offered should not exceed 10 Mhz. This will, in turn, restrict their GSM spectrum to 6.2 Mhz.

The DoT proposal of an upper ceiling on tariffs is quite surprising since India already has the lowest mobile tariffs in the world at 1 cent a minute. In case the DoT does insist on a cap on tariffs, the operators could, in turn, seek a lowering of spectrum fees. That could end up complicating issues even further.

Tata's Sardana rues these are sheer delaying tactics. Considering that the government cannot seek back spectrum, he wants his company to be treated on a par with GSM operators. That is, get the same amount of spectrum irrespective of the technology in use.

RCom Chairman Anil Ambani wrote his third letter to the Prime Minister seeking a lowering of the entry fee from the Rs 1,651 crore paid by his company for the dual spectrum licence. The COAI, too, sent three letters to R. Bandhopadhyay, chairman of the Committee of Subscriber Based Spectrum Allocation, clarifying the GSM operators' position.

There seems to be no let up in the war so far. As if all this was not enough, the Intelligence Bureau (IB) is reported to have raised objections to the introduction of mobile number portability. The IB argues that it would be difficult for it to track a suspected subscriber if he keeps changing his service provider. So, it wants companies to inform the agency before every customer shift. In effect, what this means is a subscriber cannot change his operator quickly. In the UK, it takes customers three days to shift operators, and companies are working to cut this down to four hours in a year.

This is one war that will take some time to end. In the interest of the industry, the DoT and minister A. Raja will need to come up with a formula that works. But, in the battle, the small players fighting for a slice of the action seem to have been pushed behind the screen, and the prospects of heightened competition may have got a quiet burial. ■

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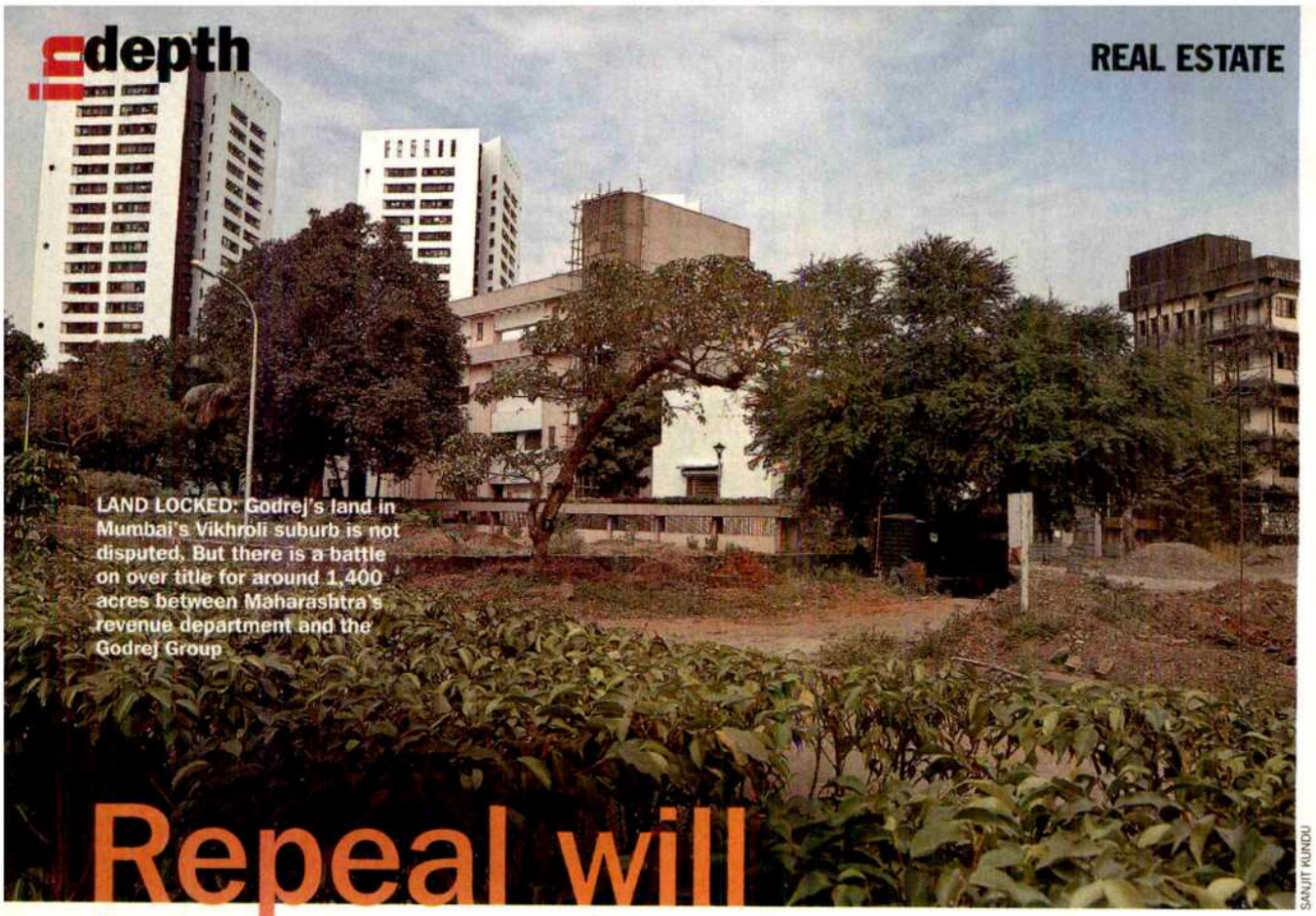

LAND LOCKED: Godrej's land in Mumbai's Vikhroli suburb is not disputed. But there is a battle on over title for around 1,400 acres between Maharashtra's revenue department and the Godrej Group

SANJIT KUNDU

Repeal will be no relief

GURBIR SINGH

The repeal of Urban Land Ceiling Act may not free up land in Mumbai

IT seems like party-time in Mumbai after the repeal of the Urban Land (Ceiling and Regulation) Act. Harried homebuyers, contending with skyrocketing property prices, have been led to believe by media reports that thousands of acres are now going to be 'freed up' and that prices may ease. But even before the ink on the Maharashtra Legislative Assembly's repeal resolution has dried, the builders' spin-doctoring has begun.

In lobbying for repeal, builders painted the legislation as the devil itself. The Act had created a huge land shortage, they said, and locked up thousands of acres in litigation, the main reason why property prices in Maharashtra are spiralling. On 16 October 2002, making a presentation to Ficci, Niranjan Hiranandani, property developer, who spearheaded the initiative to repeal the ULC Act, had said, "If the Act is abolished, at least 2,000 acres will come into the market immediately in the city (Mumbai). It may be in the interest of builders, but houses will also be available at affordable prices for the common man."

Cut to 1 November 2007 after the Act's repeal and Hiranandani says, "The repeal will not have much effect in south Mumbai. There will be some correction in the peripheral areas. However, prices will ease in tier-II and tier-III towns."

Another prominent Mumbai developer, Mukesh Patel, chief promoter of the Neelkanth Group, estimates that it will be 15-18 months for the land, including shut industrial units, to come into the market and have an impact on prices. Pune's foremost builder, Lalit Jain of Kumar Developers, agrees, saying it would take at least two years before repeal starts impacting prices.

Statements by Hiranandani and the others are aimed at pouring cold water over the euphoria. Estimates about how much land will be available vary: from 88,957 to 150,372 acres. Mumbai's share is estimated at 12,490 acres. Chief Minister Vilasrao Deshmukh has been more conservative. In the previous monsoon session, he claimed Mumbai could benefit by around 1,250 acres in additional land once the Act was repealed.

It's A Mirage

But a closer look at the available data with the ULC department reveals that celebrations are premature. S.R. Jondhale, the additional collector and competent authority under the ULC Act, says there is no ULC land that will be released in south Mumbai. "In the suburbs, the two largest land tracts in the ULCRA net — 620 acres belonging to the E.E. Dinshaw Trust, and 926 acres of the Byramjee Jeejeeboy Trust — had been acquired before repeal and the two trusts had got court orders staying the acquisition notifications," Jondhale says. "So, these lands, too, will not be available."

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Those who got away!

Big Mumbai builders who managed exemptions under the Urban Land Ceiling Act*

BENEFICIARIES	AREA	EXEMPTION (in acres)
Royal Palms (Amir Nensey)	Aarey Colony, Goregaon (E)	155
Oshiwara Land Dev. Corp. (Shiraz Lokhandwala)	Lokhandwala Complex	143
C.L. Raheja Group (F.E. Dinshaw Trust JV)	Mindspace (Malad W)	105
Conwood Constructions (K.D. Goenka)	Malad (E)	47
Raheja Developers (G.L. Raheja Group)	Kanheri, Borivali (E)	11.3

* No exemptions were granted or sought after 1996

Source: *BW* research

Following the repeal, all ULC proceedings and claims under the ULCRA Act that have not been completed will become void, and the land in question will revert to the landowners. But land that has been possessed or formally 'acquired' before the Act's repeal will not go back to the landlords. In these cases, the acquired land will be held by the government, and the landowners will have to fight it out in court to disprove the state's claims. The Dinshaw Trust — currently controlled by a joint venture between the Raheja families and Nusli Wadia — and the Byramjee Jeejeeboy Trust — controlled by various business groups including Sahara, will have to wage a long court battle against the government before their land is freed.

The much-touted Godrej land in Mumbai's eastern suburb of Vikhroli — said to exceed 2,000 acres — is not ULC-disputed land at all. But there is a battle on over title for around 1,400 acres between Maharashtra's revenue department and the Godrej Group. As for ULC claims, Jondhale said only 20 acres had been acquired and even that is in court.

So, where are these thousands of acres that are bandied about as the hope for a 'price correction'? According to Jondhale, more than 50,000 acres had been notified as surplus land in the extended municipal limits of tier-II towns such as Nagpur, Nashik and Pune; these are not yet part of urban projects.

In a revealing comment, Jondhale says, "In the case of Nagpur, we had to return some land to the original landowners after acquisition, since nobody, including MHADA (the state-controlled Maharashtra Housing and Area Development Authority), came forward to develop mass housing schemes on them."

There Are Exemptions

Promulgated as a socialist measure in 1976 by the Indira Gandhi government to acquire scarce urban land for public housing, the ULCRA capped private ownership of land at 500-2,000 sq.m, depending on the size of the city. In Mumbai, land holdings beyond 500 sq. m could be declared 'surplus' and acquired for nominal compensation.

However, acquisition of land is not the central aim of the Act; sections 19, 20 and 21 allow for exemptions in case the landlord proposes mass housing schemes. In fact, exemptions for as much as 1,851 acres has so far been granted under the ULCRA and the list includes heavyweights such as C.L.Raheja's 105 acre Mindspace project, 155 acres of the Amir Nensey Royal Palms project and 143 acres for the Lokhandwala complex in Andheri, a Mumbai suburb.

But no proposals for exemption that include development of mass housing have either been made or granted after 1996, says Jondhale. "This indicates little developable land under ULC," he says. "The repeal will have negligible impact on property market trends."

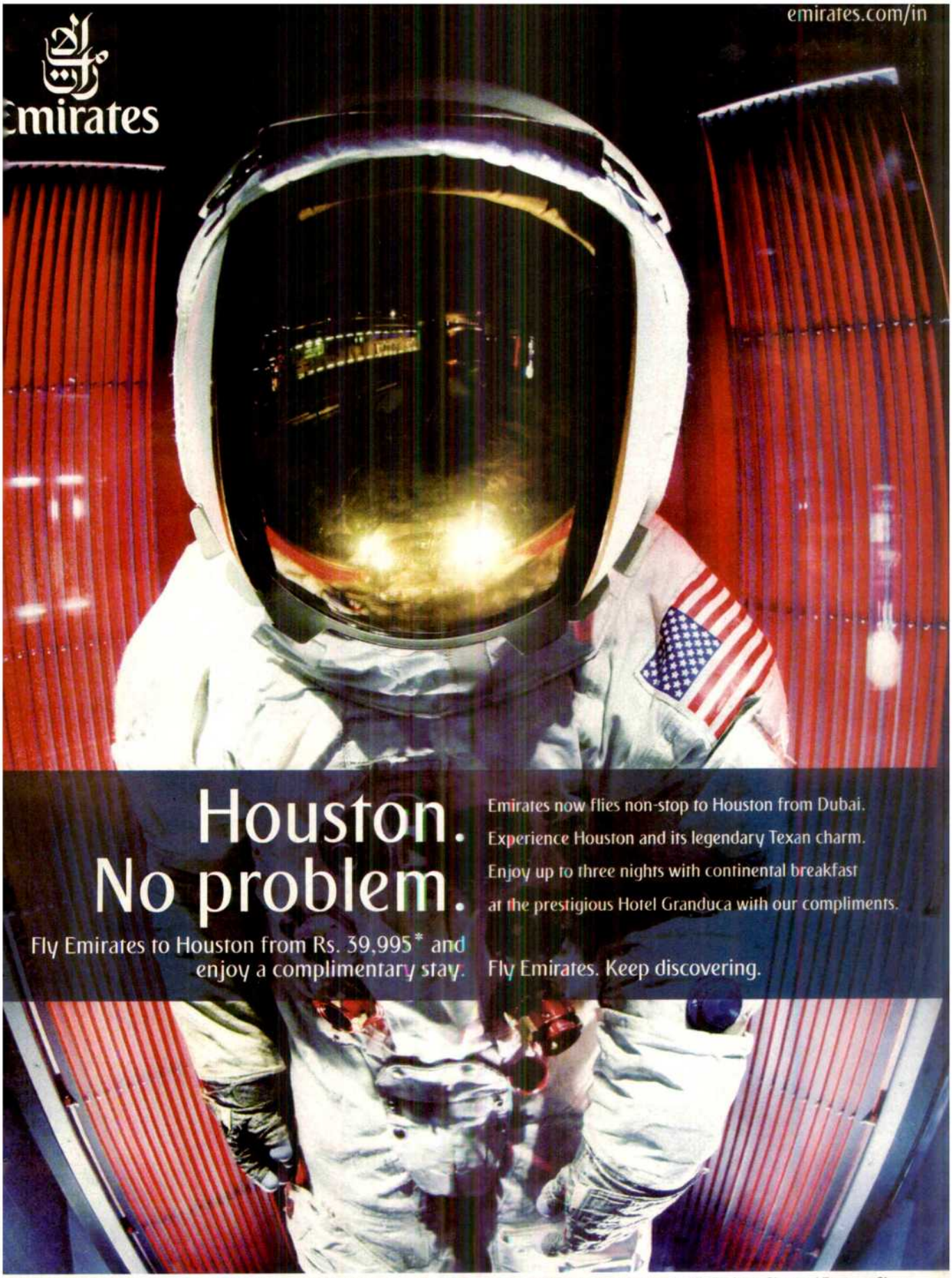
Over the past 18 months, the state government has also adopted an aggressive acquisition policy in response to orders passed by the Bombay High Court in a petition filed by two ex-Janata Dal MLAs, Mrinal Gore and P.B. Samant, in August 2006. Until then, the government had only acquired 262 of the 17,000 acres declared as surplus. The net result: of the 338 pending cases involving 10 acres or more, 250 cases involving 12,000 acres have been disposed of (8,000 acres have been returned to landlords and 3,954 acres have been acquired). Following the repeal, the undecided-upon cases have been voided and the 5,000 acres will now also revert to the owners.

Even the acquired 4,000 acres are likely to be locked up in litigation for years. "Most of these lands are encroached by slums or are in coastal regulation zone belts, thereby making them useless," says Jondhale. "Even the 'acquired' lands are paper orders."

Benefits From Repeal

For the state, though, there are real benefits. The repeal of the ULC Act was an eligibility condition for Maharashtra to access a hefty Rs 12,800 crore in development funds from the Jawaharlal Nehru National Renewal Mission. Over the next five years, as much as Rs 5,000 crore could flow to significant urban projects such as the Mithi river cleaning programme. The biggest gainers, however, will be the private builders, who will not need the ULC department's clearance anymore. "The time for clearance will be reduced by 4-6 months now, reducing costs substantially," says Mumbai builder Mukesh Patel. However, it is not clear whether the builders will pass on these benefits to home-buyers.

Any losers? Gore and Samant, whose organisation Nagrik Nivara Parishad had been waging a long battle for the strict implementation of the ULC Act, will see their hopes for mass housing — for 100,000 Mumbai families who need budget homes — fade. "The one tool the government could have used for the poor has now gone," says Samant. In an overcrowded city, where will mass housing come from? ■



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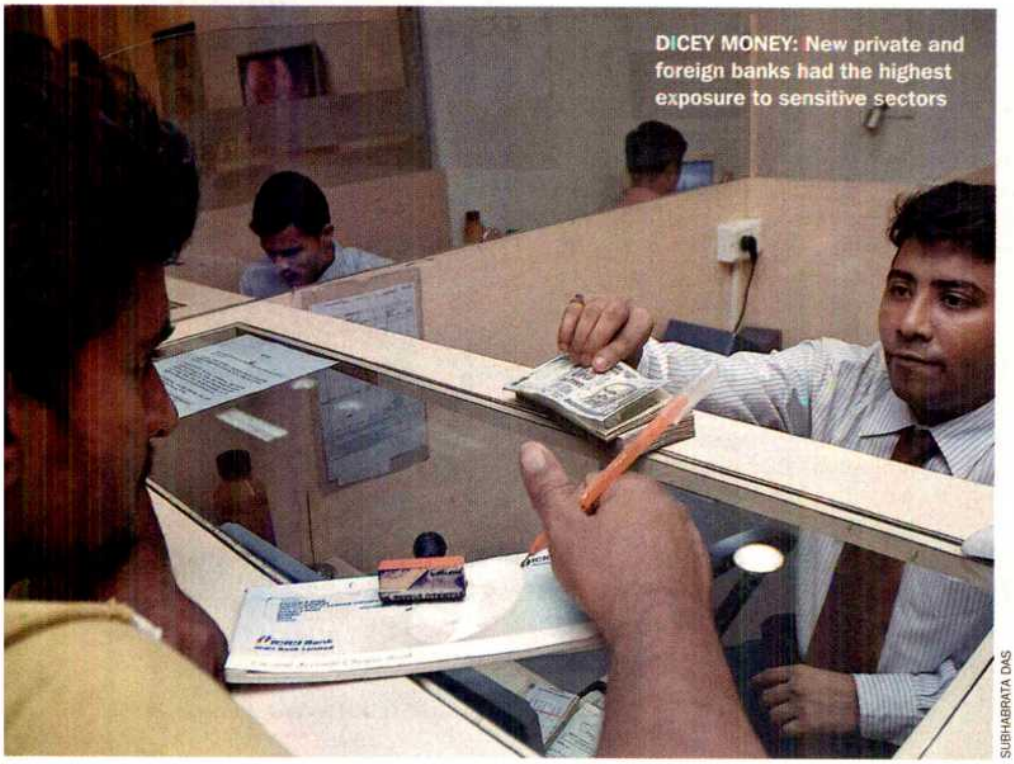
Is retail the culprit?

The increase in bad loans of many banks might be traced to their retail books



DICEY MONEY: New private and foreign banks had the highest exposure to sensitive sectors

SUBHABRATA DAS

RAGHU MOHAN

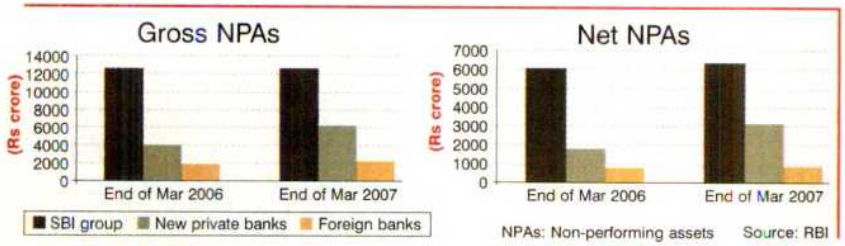
BAD loans are rearing their heads again. This time, it is not the other public sector banks, but the leader of the pack, the State Bank of India group, and the nimbler new private and foreign banks, says the just-released Report on the Trend and Progress for Banking in India (2006-07).

The report does not say there is any cause for alarm. The overall gross non-performing assets (NPAs) of banks, which had declined sharply by Rs 8,276 crore in 2005-06, fell by Rs 611 crore in 2006-07. Gross NPAs as a percentage of gross advances dipped to 2.5 per cent from 3.3 per cent at end-March 2006.

The Reserve Bank of India's (RBI) report does not give the breakup of these NPAs on a sectoral basis, but it may be surmised that the bulk of the bad loans might have originated in the banks' retail books. Although the growth of the retail portfolio of banks decelerated to 29.9 per cent during 2006-07 from 40.9 per cent in 2005-06, it still grew faster than the overall credit portfolio of the banking sector (28.5 per cent). As a result, their share in total loans and advances increased somewhat to 25.8 per cent at end-March 2007 from 25.5 per cent at end-March 2006. Within the retail portfolio, credit for consumer durables saw the highest growth during 2006-07 in sharp contrast to the previous year when it experienced the lowest growth. Growth of credit card receivables, auto loans and other personal loans (comprising loans mainly to professionals and students) slowed down during the year.

It has been pointed out that the increase in provisioning requirements on standard assets and in risk weights has resulted in an increase in many banks' bad loans in the last two or three quarters. Kotak Institutional Equities analyst Tabassum Inamdar says in her recent report that one can "expect the overall provisioning expense (bad loan provisions, write-offs plus standard asset provision) to moderate in 2007-08 as the one-time hit on standard provisions will not be repeated. However, banks will have to do so for incremental standard assets which may not increase much given the slowdown in the retail lending".

Early this year, RBI governor Y.V. Reddy had cautioned banks that the growth in their retail business was too fast for comfort, and that they might run the risk of defaults. Rating agency Moody's has also pointed out that the retail banking business has never been tested by a decline, unlike in the case of wholesale corporate banking. Another reason why new private and foreign banks may have shown the sharpest increase could be that these banks had the highest exposure to the sensitive sectors — commodities, real estate and equities. The lending of new private banks to real estate stood at 32.2 per cent of total assets at end-March 2007. It was 26 per cent for foreign banks. That's not betting the house on the sector, but is perceived as high nevertheless. ■



NPAs: Non-performing assets Source: RBI

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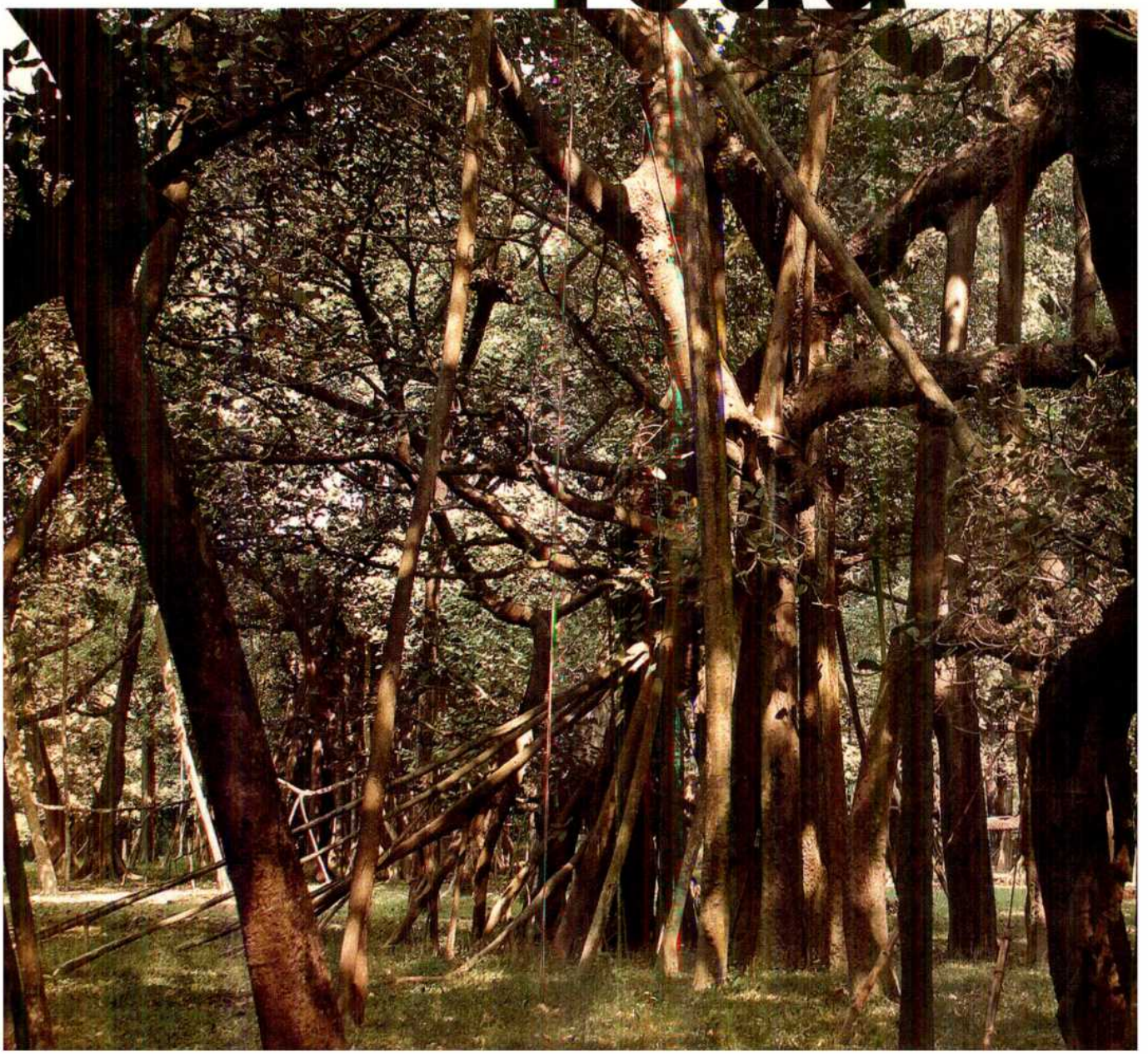
cover story

Beyond the Family feud



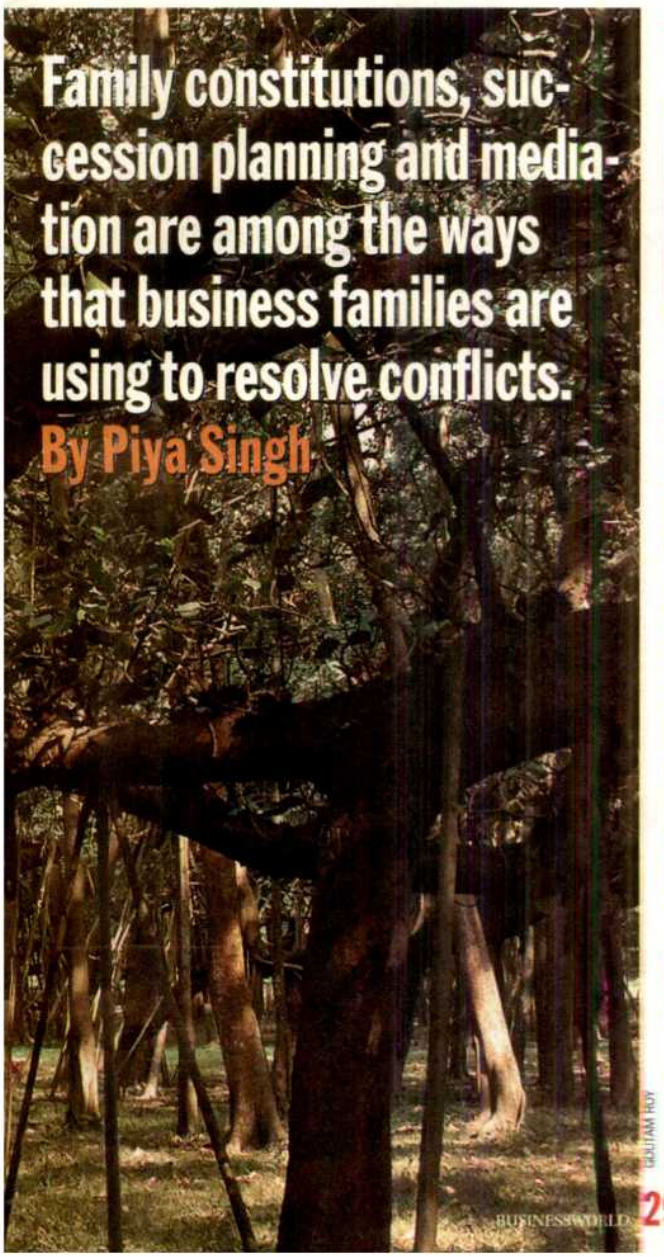
STUCK ON YOU Business families that stuck together...

Business group	Patriarch	Potential heirs	Companies	Turnover (Rs crore)	Assets (Rs crore)
Essar (Ruias)	Shashi Ruia and Ravi Ruia	Prashant Ruia and Anshuman Ruia, Smiti Ruia and Rewant Ruia	Essar Oil	473.98	303.86
			Essar Shipping	1,024.30	1,919.10
			Essar Steel	9,000.46	13,554.19
Godrej	Adi Godrej	Tanya Dubash, Pirojsha Godrej and Nisa Godrej	Geometric	175.32	120.10
			Godrej Consumer Products	796.66	243.65
			Godrej Industries	710.81	542.58
Videocon	V.N. Dhoot, Rajkumar Dhoot and Pradeepkumar Dhoot	Anirudh Dhoot and Saurabh Dhoot	Videocon Appl.	1,170.58	1,303.25
			Videocon Inds.	8,691.75	7,178.45
Wadia	Nusli Wadia	Ness Wadia and Jehangir Wadia	Bombay Burmah	221.70	152.53
			Bombay Dyeing	492.35	654.58

Turnover and assets are as on year ended March 2007; for Videocon Appliances and Videocon Industries, turnover is as on year ended Sept 2007 and assets as on year-ended Sept 2006. (Standalone figures) Source: CapitalinePlus and *BW* research

Family constitutions, succession planning and mediation are among the ways that business families are using to resolve conflicts.

By Piya Singh



GAUTAM ROY

BAJAJ Group Chairman Rahul Bajaj presides over a group with Rs 15,145 crore in revenues, Rs 1,650 crore in profits, more than 15,000 employees, four brothers, two sons and four nephews. One of them, Kushagra Nayan Bajaj, is litigating against his uncle over how the family empire will be divided. Though both parties want a settlement, it has eluded them so far.

The Hyderabad-based GMR Group headed by patriarch Grandhi Mallikarjuna Rao, in the news for its bold entry into the airports business, has revenues of Rs 2,171 crore, Rs 261 crore in profits, 2,000 employees, two sons and one son-in-law. To protect itself from filial misadventures, the group hired London-based advisor Peter Leach to create a succession blueprint and a code of conduct for the family.

Almost every day, somewhere in India, a family dispute is being played out; when they occur in large industrial houses, they are usually in the glare of public scrutiny. To students, analysts and observers of business, they are part and parcel of the economic fabric of the country. Even internationally, family feuds are a frequent occurrence, including famous, even household names: Gucci, the Pritzkers of the Hyatt group of hotels and the Agnellis of Fiat, to name a few.

The first example shows how differences among family members can spiral into a full-blown dispute that lands up in the courts and the media; the second case illustrates how Indian family-run business groups are taking steps to wrestle

EXECUTIVE SUMMARY

- Corporate India is increasingly finding various ways and means of settling, or pre-empting, family disputes
- Family constitutions, codes of conduct, mediation by society, private equity intervention, and new lines of business are among the routes being explored

with a problem that has uniquely Indian twists — succession.

It is hard to assess whether the absence of succession planning in Indian families leads to ownership tussles; however, succession has been a contentious issue. And as the wealth of these patriarch-led corporate groups increases, the risk of a fight for larger shares of a growing kingdom among second and third generation family members is also likely to increase.

From a financial institution, vendor or investor's perspective, the trend is also worrying because shareholders are often in the dark about succession plans. Nobody is clear about how patriarchs of the Ruias of Essar, the Dhoots of Videocon, the Wadias of Bombay Dyeing or the Godrej family plan to ensure a smooth succession, especially as all of these business families have more than one potential heir.

The DLF Group is another illustration; India's third richest man, Kushal Pal Singh, has more than one heir. There is 48-year-old MIT graduate, Rajiv, who as vice-chairman is the man in the driving seat; then there's the 36-year-old Wharton-graduate daughter, Rajiv's younger sister Pia, who is responsible for the retail vertical, while elder sister Renuka dabbled in some international ventures.

There is little clarity in the public domain as to how an empire spread over 10,255 acres, high rises and malls will be divided up among the next generation. Will Rajiv Singh, who is in charge of the day-to-day affairs of the group, be the majority shareholder? Will Rajiv's daughter, who has recently been inducted into the business fresh out of a US college, assume more responsibilities within the group? Will Pia's responsibilities see some kind of role redefinition or will she hold fort for her minor child? DLF may be sticking to its business plan but there's no clarity when it comes to succession plan. Rajiv Singh says, "There is no cause for spelling out our succession issues so we have never put our mind to it."

As Wealth Multiplies

In an economy dominated by family-owned firms — 17 out of the 30 companies listed in the benchmark Bombay Stock Exchange's (BSE) Sensitive Index (Sensex) are family-owned — enlightened families have begun the process of succession planning. This trend is being hastened by the financial media, for whom these stories make good and dramatic copy, and better conference and cocktail gossip. After some bitter feuds of the 1980s such as the Shrirams and the Modis, and that of the L.M. Thapar family in the 1990s, the ultimate battle is undoubtedly that of the Ambani brothers, which still makes headlines two years after they split up.

A recent survey by the Association of Chambers of Commerce and Industry (Assocham) indicated that despite a significant majority of companies recognising the importance of good succession planning, Indian companies rated themselves at four out of 10 for long-term planning and for grooming successors as heads of firms.

John Ward, family expert at Northwestern University's Kellogg School of Business, who has interacted with Indian families for many years, says, "Mostly, I prepare Indian families for the next generation to take over and to ensure continuity is maintained" (see interview on page 36). Now, Indian business families, which usually resorted to long informal conferences, family friends or simply depended on traditional values to resolve conflicts, are now depending on not just on family advisers such as ICICI's chief K.V. Kamath but global professionals such as John Ward or Peter Leach who drew up the GMR family constitution. The growing presence of private equity (PE) funds is also changing the situation and emerging as another exit option as feuding family members look to settle scores, but more on that later.

One reason that family differences have flared into full-fledged feuds, says Geetanjali Kirloskar, industrialist and advertising professional, is the increasing influence of the West. "As more and more Indian parents send their children overseas to get an education, traditional family values, where the

CRACKS DOWN THE MIDDL

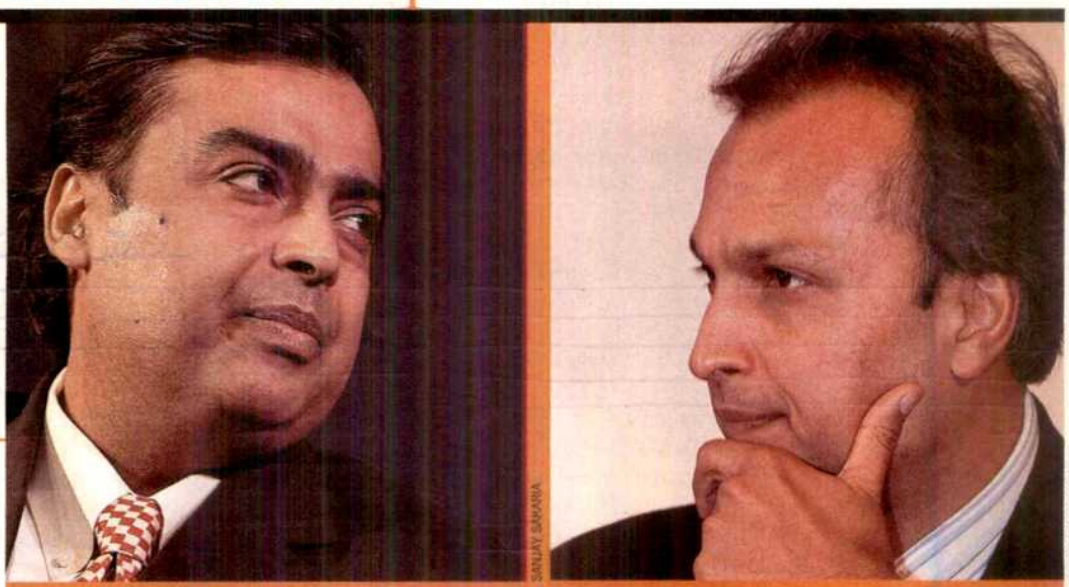
	Companies	Turnov (Rs cro
Ambani		
Mukesh Ambani	Reliance Industries	1,18,353
Anil Ambani	Adlabs Films	331
	Reliance Capital	887
	Reliance Communication	12,756
	Reliance Energy	5,769
	Reliance Natural Resources	150
	Reliance Power	2
Bajaj		
Shishir Bajaj	Bajaj Hindusthan	1,525.
Rahul Bajaj	Bajaj Auto	10,639.
Jindal		
Ratan Jindal	Jindal Stainless	5,196.
Naveen Jindal	Jindal Steel And Power	3,899.
Sajjan Jindal	JSW Steel	9,337.
Prithviraj Jindal	Jindal Saw	5,318.
DCM		
Vinay Bharat Ram	DCM	97.
Tilak Dhar	DCM Shriram Industries	743.
Ajay Shriram and Vikram Shriram	DCM Shriram Consolidated	2,872.
Siddharth Shriram	SIEL	188.

Turnover and assets are as on year ended march 2007; for Adlabs Films, turnover and assets are as on year ended June 2007; for Bajaj Hindusthan, turnover and assets are as on year ended Sept 2006; for Jindal Saw, turnover is as on year-end Sept 2007 and asset as on year-end Sept 2006. *The Bajaj family has not split but is in dispute over the ownership of Bajaj Hindusthan and Bajaj Auto. (Standalone figures)

Source: CapitalinePlus and *BW* research

..And the ones that split

Assets (Rs crore)
99,532.77
302.23
298.63
20,625.82
5,898.36
470.91
67.27
1,285.34
3,178.54
3,325.97
4,929.03
10,512.76
958.71
107.54
226.81
2,145.61
231.25



SANJAY SAHARIA TRIBHUVAN SHARMA

ULTIMATE BATTLE: (L) Mukesh Ambani and Anil Ambani. Even two years after their split, the Ambani brothers' feud still makes headlines

AMIT VERMA BW / ARCHIVE DILEEP PRAKASH

ELUDING SETTLEMENT: (From left) Rahul Bajaj, Shishir Bajaj, Kushagra Nayan Bajaj. Bajaj Group Chairman Rahul Bajaj presides over a group with Rs 15,145 crore in revenues and nephew Kushagra is litigating against his uncle over how the family empire will be divided

patriarch was above questioning of any sort, have undergone a big change," says Delhi-based Kirloskar, whose 18-year-old daughter attends high school in Singapore.

But not everybody agrees. S. Gurumurthy, who has played mediator in several Indian family feuds — most recently in the Bajaj family dispute — says that this increasing sense of individualism is restricted to certain sections of society (see interview on page 36).

Mostly, it's just money and control. "It's all about the race for market cap in your business life and about Page 3 in your personal life," says Anil Singhvi, former finance chief of Gujarat Ambuja. Cynical as that may sound, Singhvi may have a point, especially if one looks at some of the more recent cases of family disputes.

The changing fortunes in the Indian stockmarkets and sudden spurts in the Sensex can disrupt family mediations. Even as the family split between Rahul Bajaj and Shishir Bajaj factions is arbitrated in the courts, there have been rumours that one reason that a settlement has not yet been reached is an increase in market capitalisation of Bajaj Auto (BAL) and Bajaj Hindusthan. According to a memorandum of understanding on the settlement drawn up in June, the Kushagra and Shishir factions were to transfer their holdings in BAL, even personal ones, to the Rahul Bajaj faction at a price of

Rs 400 plus per share. In return, Rahul Bajaj was to transfer his Bajaj Hindusthan holdings to the Kushagra Bajaj faction at Rs 67 a share. Despite a series of negotiations after the 2003 agreement fell apart, the dispute has not yet been resolved.

Others say that patriarchs often shy away from making these tough decisions in their lifetime. "Sometimes, the patriarch lacks foresight or will to settle the issue during his reign," says Amit Chandra, ex-head of Merrill Lynch who is now a private equity investor. Several Indian patriarchs did not publicly spell out their views on succession in the history of corporate India, including Dhirubhai Ambani.

Family feuds in India — unlike in the West — typically arise in the second generation where siblings have different styles and capacities to contribute, says Ward. "And differences get compounded when business decisions such as expansion or diversification come up as these activities use up the family's wealth," says an investment banker who does not wish to be named. There are several theories as to whether family feuds resulting in a division of business add to shareholder wealth or not. For instance, in the case of the Ambani brothers, the group market capitalisation of the Mukesh Ambani faction has shot up to Rs 4,94,343 crore, while younger brother Anil Ambani has seen his market cap zoom to Rs 2,65,180 crore compared with a total market cap of nearly Rs 1,00,000 crore before the group was split up.

"However, there are very few Ambanis, and in my view, management attention does get diverted and value destroyed in a number of such situations," says Chandra. A recent report by Moody's-ICRA on corporate governance and related credit issues for Indian family-controlled companies says, "Leadership transition is a key governance and credit risk with most groups. The risk is particularly acute where family members cannot agree on succession plans, or where different members of succeeding generations have different vision and strategies for the group or demonstrate differing appetites to remain involved in the business. It is not uncommon in India for groups to split in order to resolve succession issues". Tongue firmly in cheek, Gurumurthy says. "Ask minority shareholders to sell while the Sensex is still rising...."

There Are Ways

As corporate India evolves into a more transparent beast, family-owned businesses are looking at fresh solutions to minimise conflicts in their families: a family constitution or moral code that can act as a blueprint for emerging or future conflict situations. For example, the GMR Group mentioned has done just that. First, there is a clear demarcation of roles and responsibilities. While patriarch G.M. Rao is the group chairman, his two sons G.B.S. Raju, 33, and Kiran Kumar Grandhi, 32, look after different portfolios of corporate and international business and airports, respectively. Rao's son-in-law S. Bommidwala is the business head for the group's foray into urban infrastructure, highways and special economic zones. Second, the group has drawn up a family constitution that covers the roles, rights and responsibilities of not only the family members working in the business but also those who are not involved in the day-to-day operations. So the family has not just set up forums for decision-making and governance, it has also created a forum for the spouses of working family members.

Rao has also spelt out his views on succession clearly as a part of this constitution. "The idea for framing the family constitution for the group came up as family businesses are by nature not only complex, but vulnerable to the pulls and pressures inherent when a social system (the family) and an economic system (the business) interweave," says the group spokesperson. "The group is convinced that a clear engagement and participation of all family members in the above process will provide the framework for the organisation to build on its capabilities and manage the challenges that present themselves over time."

Even as Indian families adopt more formal ways by spelling out a code of conduct, private equity funds

Another tactic to prevent disputes, followed by Ranbaxy among others, is entering into new lines of business and restructuring the existing businesses

MANAGING CONFLICT: Ranbaxy founder Bhai Mohan Singh (left) and his son Parvinder Singh

Photographs: DINESH KRISHNAN, GURINDER OSAN

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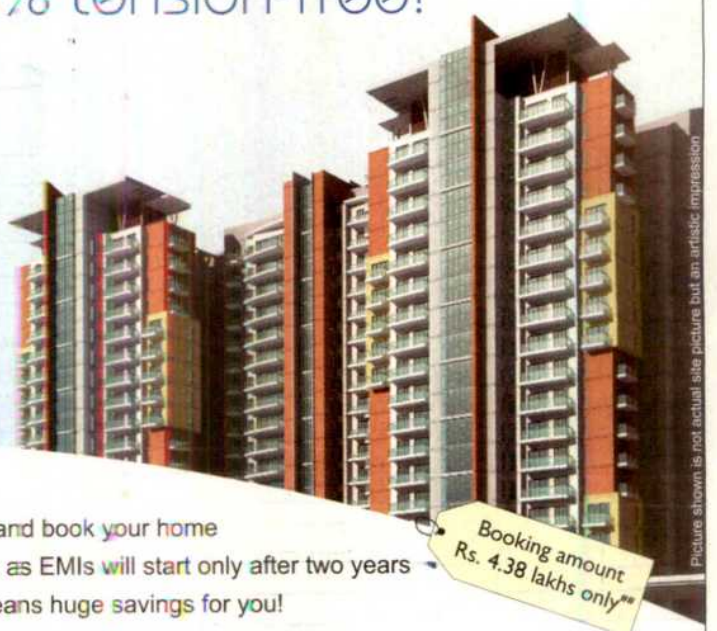

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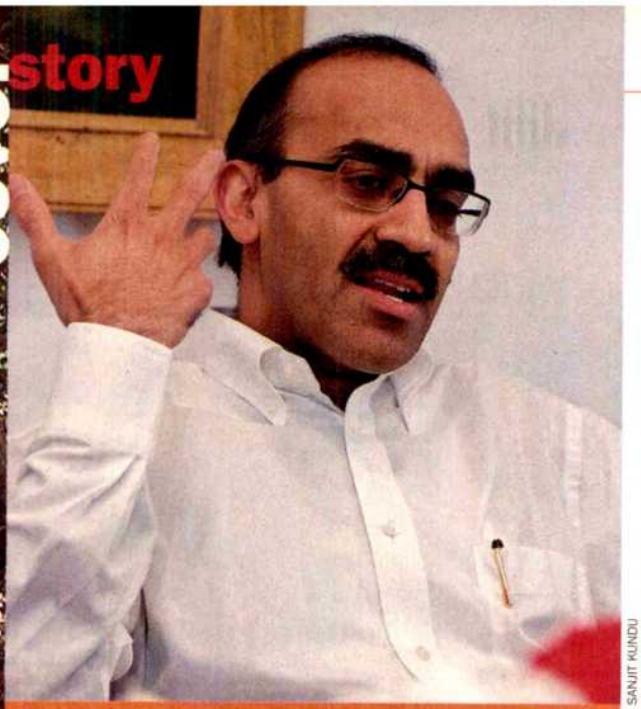

SANJIT KUNDU

MONEY CONTROL: "It's all about the race for market cap in your business life and Page 3 in your personal life," says Anil Singhvi, former finance chief of Gujarat Ambuja

from the West are looking to profit from conflicts within Indian business families. They see a business opportunity in feuding family-owned businesses. "PE funds can in many cases offer a structured exit to promoters in conflict situations," says Chandra who is with a large fund. Some Indian promoters seem to agree. The recent disagreement between the promoters of Patni Computers is a case in point. Two of the three brothers of the Patni family, Ashok Patni, 56, and Gajendra Patni, 66, teamed up to invite private equity players to pick up a stake in the IT index's second worst performing company even though Narender Patni, 65, who is responsible for the day-to-day running of the company, was not on the same page. The two younger brothers reportedly believe that private equity has the ability to bring in more orders that is necessary to pull up the company's performance. Though differences have obviously been building up between the three brothers who hold about 15 per cent each of Patni (General Atlantic owns 16 per cent), the dispute came into public domain when PE started sniffing around the company earlier this year.

Another tactic to prevent disputes is structuring the businesses. Corporate watchers believe that it may be prudent to delineate them; the family could also get into new businesses so that these can be divided without much pain and acrimony if a family split occurs. Some, by accident or design, have followed this route. Essar is a good example of a family that has several different businesses such as steel, refining and shipping. Bharti is also a unique example where two brothers have let the younger one lead, but again there are different businesses in the group such as telecom, retail, agribusiness and insurance. Even Ranbaxy, which saw a bitter fight between Bhai Mohan Singh and his son Parvinder Singh in 1987-90, has ventured into new businesses such as healthcare under Fortis brand and financial services under Religare. The O.P. Jindal family is yet another example that illustrates the theory that different businesses can be divided without any conflict after

HOLDING OF PROMOTER GROUP

Extent of control may not depend on the siz holding. Each family has a different assessm of the holding it needs to maintain contro counting factors such as overall hol pattern and rules regarding

Bars reflect percentage of families with indicated shareholding. Base: 32 compar 16 busines families
Source: Moody's-ICRA Corporate Fi

the demise of the patriarch in 2005 (see 'The Will And Way', *BW*, 24 September 2007).

Having a strong board of independent directors and u nomination committees have often been cited as two ol most preferred ways to plan for succession. "A strong bo could ensure continuity during the leadership transition, vide oversight to executive management, and also protect interests of minority shareholders," The Moody's report s "However, it is difficult to establish how common these co tions are in Indian companies". The actual independenc these independent directors has been under the scanner years. For instance, in Bajaj Auto, seven directors on the bo out of a total of 17 are either from the Bajaj family or are rela to them. "One example of the potential lack of board indep dence is the fact that over 75 per cent of the companies veyed did not have a formal nomination committee," says report. "The important issues of leadership transition succession are, thus, probably often not discussed adequa by the board and, therefore, probably do not involve the in pendent directors. This supports a general sense that ac board independence may be less than it appears to be."

Experts such as Ward feel that independent directors also play a pivotal role in advising the family informally. So business families such as the Tatas have maintained the dif ence between control and management as a large part of group's ownership is tied up in charitable trusts. Other r entrants such as the Biyanis of Pantaloon are also trying to vorce management from ownership by putting the fam wealth in trusts. Still, in several family disputes, chaos prev for years on end and once disputes land up in the courts, re lution becomes an even more longer drawn affair.

India's Family Inc is the bedrock on which corporate In has built its foundations. And with family-owned enterpr leaving such a strong imprint on the commercial fabric of country, there is little option but to continue to experim with different governance and succession models to ens that the value these groups bring to the Indian economy c increases and is not destroyed by disputes. While this gene tion has lived through some bitter and unpleasant division will be interesting to see how the big names of corporate In such as the Ambani brothers, Kumar Mangalam Birla a Anand Mahindra will plan succession. The long-term hea of Indian business will depend on their prescriptions.

With inputs from Abhishek Chowdh

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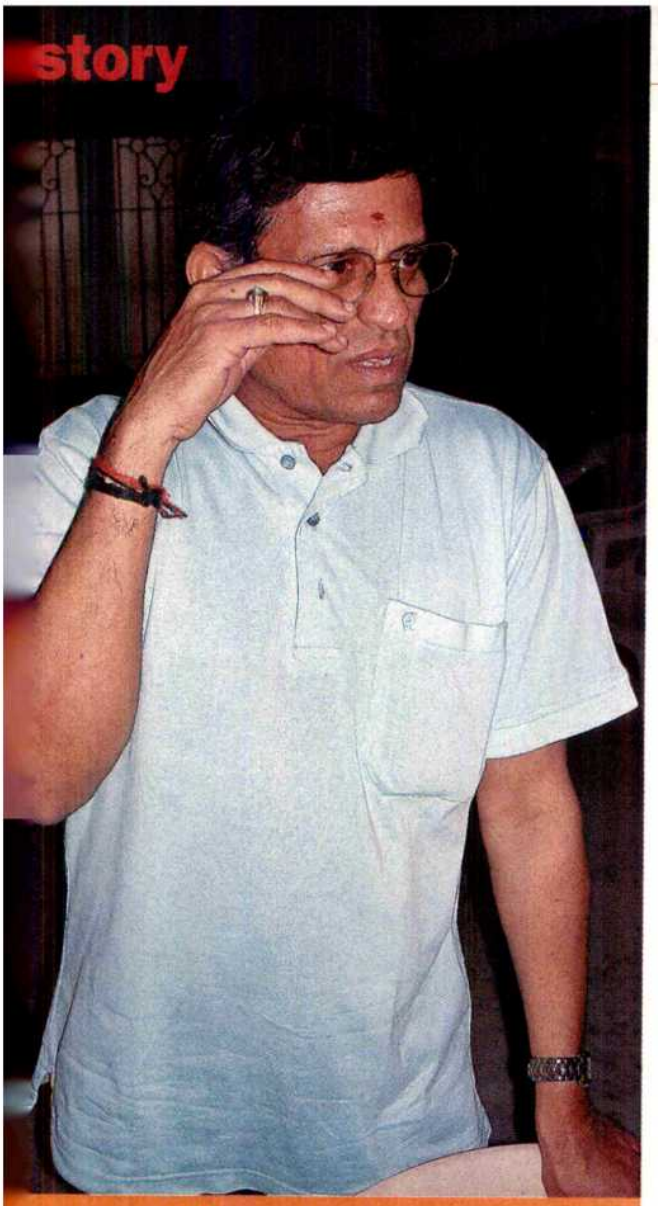


S. Gurumurthy, Noted mediator

'Society has the power to intervene'

S. Gurumurthy, long-time convener of the Swadeshi Jagaran Manch, is one of India's best-known mediators on family tussles. He says he has acted as mediator in over a hundred disputes involving business families. He spoke to *BW*'s Piya Singh on a wide range of issues concerning family feuds. Excerpts:

■ *What is the leading cause of family feuds in India?*

■ I have mediated as a friend and a professional advisor in maybe over a hundred feuds, big and small. Even total strangers have come to me. In 90 per cent of the cases, the disputes are either created or allowed to be created by advisors, employees, and by family members not directly involved in the business. Recently, the scion of a Rs 5,000-crore group came to me. He is fighting with his father. I told him that I would not help him take his father to court but instead help him get a settlement. He agreed. I suggested that he write a polite letter to his father. But his advisors were against that approach. So the man did not get back. I mention this only to emphasise that even if the family member himself wants a peaceful settlement, close advisers are not on the same page.

■ *How are family disputes in India different from the West?*

■ First, the Anglo Saxon model of individualism doesn't work in India, where the filial hierarchy still exists. I am citing the Anglo-Saxon model as we follow their system of law. In the West,

'It's imperative to tal

John Ward, clinical professor of family enterprise at the Kellogg School of Management, is familiar with Indian family feuds, having interacted with many Indian business families over several years. Ward spoke to *BW*'s Piya Singh over telephone recently. Excerpts:

■ *What is the nature of your interactions with owners of Indian family-run businesses?*

■ I have been interacting with Indian families for many years and mostly I prepare them for continuity. I guide them about how the next generation can take over. I advise them on corporate governance issues, building family constitutions and working out what roles different family members can play.

■ *What are the changes in mindset that you have witnessed?*

■ Many families realise that they should anticipate for the future. They should consider how they will resolve differences and prepare the next generation to embrace cultural values.

■ *How are family feuds in India different from the West?*

■ Conflict situations arise in many similar places. However, overseas it is usually the first generation that finds it hard to let go. But that doesn't happen in India. The second generation usually have conflicts as individuals have different styles.

■ *Can conflicts be positive?*

■ The point is that a conflict is natural but if the different styles of siblings are harnessed correctly, the result is a powerful force. There are several success stories in the Indian corpo-

there is no legitimate collective, be it the family or the community, except the formal partnership. In India, the partnership deed is drawn according to law, but the family and society have norms that are considered far more legitimate. In fact, a legal notice issued by a family member is, often, the biggest hurdle in resolving disputes. In the Anglo Saxon model, a legal notice indicates the opening of a dispute, say, a neighbour can issue a notice because you've not painted your building and so the value of his house is impacted. The West believes in contracts over relationships, but our society is relationship-based.

■ *Aren't we becoming far more individualistic like the West?*
■ Yes and no. In some sections of society, there is an increasing sense of individualism. But I don't agree that a growing sense of individualism is responsible for an increase in family disputes. Take the Murugappa Group and the TVS Group in Chennai. The Muruguppa Group is fifth generation while the TVS Group is fourth generation. Sure, they may have problems, but they're working just fine. This is because there is still a high level of moral hierarchy in this society.

■ *Are business families waking up to the fact that they should prepare for eventualities such as succession planning?*
■ These days many families are becoming sensitive to the possibilities of disputes among family members. They are drafting family codes, constitutions and succession plans.

■ *You've great faith in the role of society in resolving differences.*
■ Yes, society has the power to intervene, sometimes silently. In my experience, legal proceedings start the disputes, not solve them. In many cases, taking the case to court reduces the chances of a settlement. Take the case of the Ambani family. The courts could have never handled the dispute. Only the morally revered mother, close friends and associates resolved the differences. Ultimately, it is the family and moral relationships that have the power to settle disputes. After all, a mix of relationships and contracts run a society.

My experience of the role of the community in resolving disputes goes back to 1981. Two Marwari brothers out of four involved in a corporate feud approached me. They wanted legal action. I asked them whether they wanted to involve somebody who knew both factions. They told me about the community panchayat. I asked them to approach the panchayat. It was a stunning experience for me. The panchayat resolved the dispute in 45 days through an oral verdict stating how the family wealth would be split. I was curious how this verdict would be enforced if either of the parties breached the settlement. I was told that no one would dare defy the verdict as the panchayat would spread the word within the community that the person who defied it was unreliable. This could damage reputations. This case has guided me in my entire professional life.

■ *Why do simmering differences flare into full-fledged battles?*
■ Simmering differences are compounded by many reasons to become full-fledged disputes. These include both economic and cultural reasons. Many a times, female members of the family, employees and advisers contribute to the escalation. Then there are also competence issues and some businesses in the family's control succeed while others do not.

■ *What should minority shareholders of such companies do?*
■ Ask them to sell while the Sensex is rising! On a more serious note, minority shareholders often get used in family disputes as proxies and so they become part of the family.

■ *Why are we seeing more disputes in Indian companies?*
■ The problems that existed in political circles have now surfaced in the corporate world. The only difference is that in politics, power and fame beget money, and in business, money begets fame and power. Otherwise I do not see any difference. Wherever there is money, power and fame, dispute will arise.

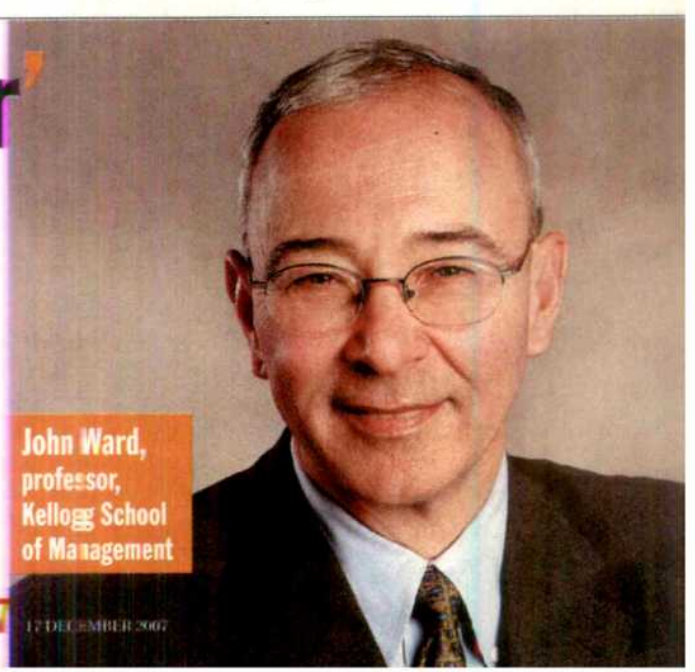
■ *What are the responsibilities of mediators in family feuds?*
■ When a party approaches a professional, the latter has a moral responsibility to insist on a settlement. Mediators have to be above monetary considerations. Only when money is not in the picture, the disputing parties trust the mediator. ■

ecisions together'

rate world but families don't talk about it.

■ *Does the media get used during long drawn family battles?*
■ For people in dispute, the media can be effective. If somebody wants to hurt another person, the media can be used.

■ *What is your advice for family-owned businesses?*
■ Have regular family meetings to plan for the future. Have a dialogue on succession. It's imperative to take decisions together. In India, the joint family culture helps. It's also important to focus on governance issues. Get an excellent board of directors so that they can not only help you with decisions but can prove to be good family counsellors, too. ■



John Ward, professor, Kellogg School of Management

by kenneth rogoff

Kenneth Rogoff is Professor of Economics and Public Policy at Harvard University, and was formerly chief economist at the IMF.

Dog days for the super dollar

Between the subprime crisis and the decline of the dollar, America's unbeaten supremacy looks a bit shaky

IS the US's position as the world's dominant superpower at risk if the dollar loses its super-currency status? Maybe not, but Americans will certainly find global hegemony more expensive. Until now, they have been raking in profits by borrowing cheaply from pliant foreigners and investing in high-yield foreign equities, land and bonds. Counting capital gains, Americans have profited to the tune of $300 billion-400 billion annually — equivalent to the US military budget.

Former French President Charles de Gaulle famously complained about America's 'exorbitant privilege'. He was incensed that the US seemed to flood the world with dollar currency and debt without ever seeming to pay a price in terms of higher inflation or interest rates.

At least half the $800-billion US currency supply is held abroad, mainly in the world's underground economy. But the really big bucks come from the fact that places like the People's Bank of China and the Bank of Japan passively hold enormous volumes of low-interest US debt, while Americans romp around the world with venture capital, private equity and investment banks, reaping huge gains.

It has been a great ride for the US, and its financial supremacy has certainly eased the burden of being a superpower. But, between the subprime crisis and the dollar's ongoing decline, America's exorbitant privilege now looks a bit shaky. The dollar is down 25 per cent over the past five years, and if the US tips into recession, the dollar will drop more. Foreign investors are reshuffling their portfolios, moving into euros, pounds and emerging-market currencies. Controversial 'sovereign wealth funds', which invest funds for governments in the Middle East, Asia, Russia and elsewhere, are just one manifestation of the search for alternatives to low-yielding, rapidly depreciating dollar bonds.

Even without any portfolio shift, Americans shouldn't expect their recent luck to hold up. Unfortunately, faced with the growing risks to the dollar's status, American policy makers, rather than nursing the country's premier export, seem to be more interested in milking it. The US government has taken advantage by running vast deficits. The Federal Reserve appears to care about exchange rates only to the extent that they affect growth and inflation, and right now the weak dollar is helping US exports. Last but not least, US tax policy hardly encourages private-sector savings, especially giving the preferential tax treatment of real estate.

Professor Obstfeld of the University of California at Berkeley and I have been warning for some time that without proactive policy adjustments, the dollar is vulnerable to a sharp collapse, with many attendant risks. Unfortunately, that scenario now seems to be unfolding.

This year alone, the dollar's value has fallen by 10 per cent in purchasing power terms against America's major trading partners, and it could fall at the same rate in 2008 — or faster if global investors decide to cut and run. The good news for Americans is that there is enormous inertia in the world trading and financial system. It took two world wars before the British pound lost its super-currency status. Nor is there any obvious successor to the dollar yet.

Indeed, the subprime crisis has made the European financial system look just as vulnerable as that of the US. Likewise, while the Chinese yuan might be king in 50 years, China's moribund financial system will prevent it from being crowned anytime soon. A huge share of world trade is denominated in dollars, even if some Opec presidents, such as Venezuela's Hugo Chávez, openly preach mutiny. Central banks still hold more than 50 per cent of their foreign exchange reserves in dollars.

Unless the US gets its act together soon, it may find the value of its super-currency franchise diminished. American voters, who famously loathe increase in taxes, might start thinking a lot harder about the real economic costs of their country's superpower status. ■

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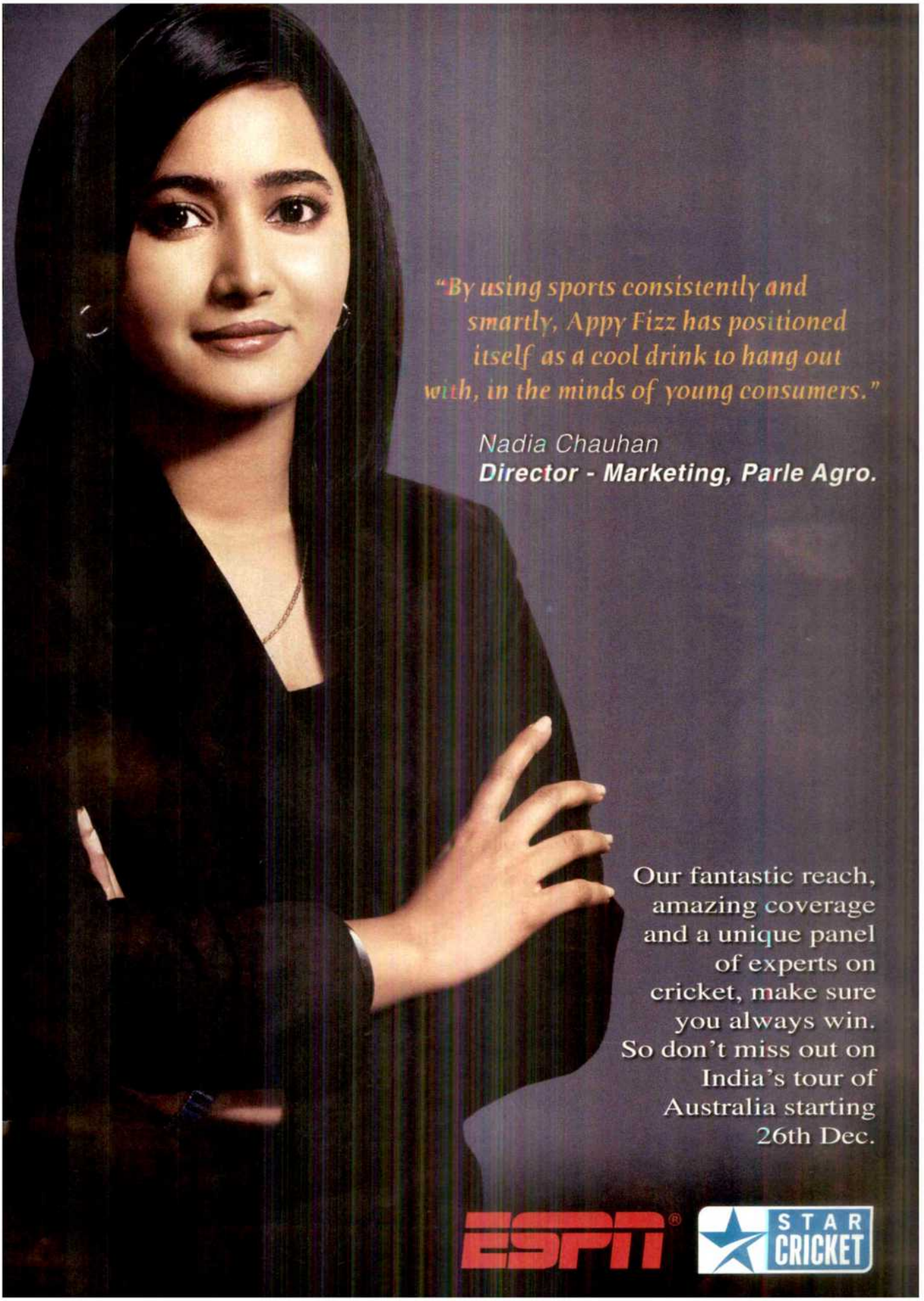
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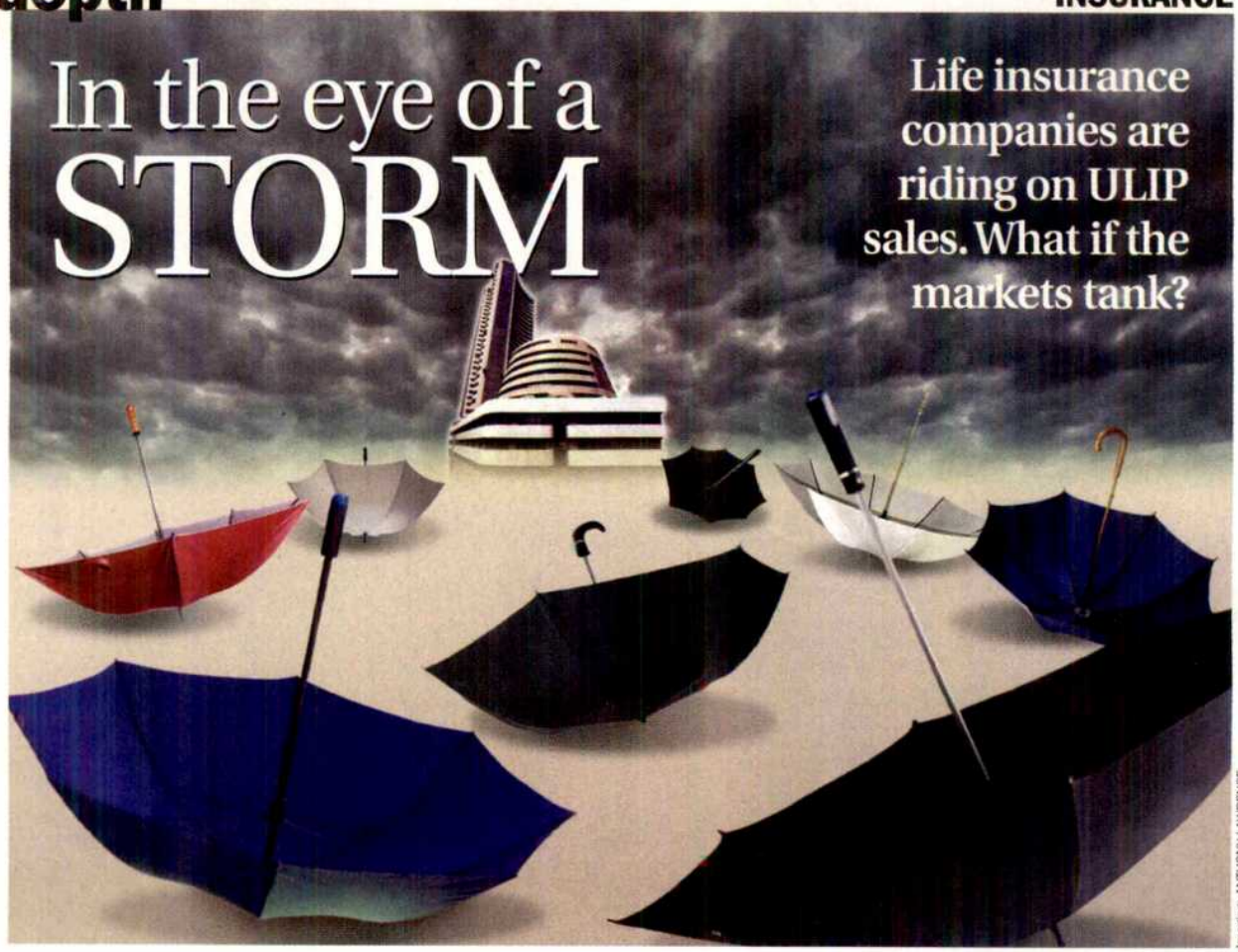
In the eye of a STORM

Life insurance companies are riding on ULIP sales. What if the markets tank?



Imaging: ANTHONY LAWRENCE

VISHAL KRISHNA

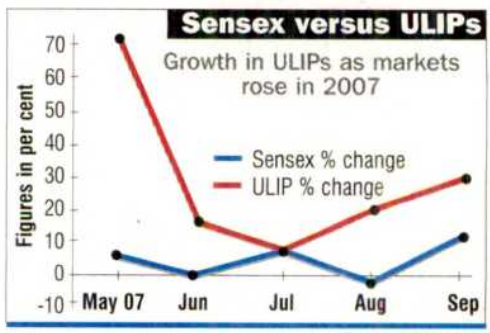
SOMEWHERE in the shadows cast by an ascendant Sensex, insurance companies have been selling ULIPs (unit linked insurance plans) like hot cakes. Contributions to ULIPs have risen by 214 per cent in just six months. May 2007 alone witnessed a 69 per cent increase. "The market has generated great interest among ordinary folk, and hence the growth in the ULIP business," says S.V. Mony, secretary general of Life Insurance Council based in Mumbai. "As long as the market grows, investment in ULIPs will always be promoted by life insurance companies."

What happens if the markets fall? Insurance companies that rely on ULIPs for premium income may get worried, as renewals may fall too. Given that ULIPs are sold largely through agents who are paid hefty commissions, insurance companies also worry about the high costs on their balance sheets.

So when the Insurance Regulatory Development Authority (IRDA) made it a must for ULIPs to be locked in for a period of three years in July 2006, many life insurance companies anticipated steady profits. They are finally able to keep the number of renewal premiums stable, because no less than 85 per cent of the products they sell are, on average, in the form of ULIPs. But life insurers say that apart from market performance, renewal premiums are dependent on how a product is structured, and how insurers charge a percentage of the net asset value as fund charges.

"Products launched prior to July 2006 allowed policy holders to continue risk cover without paying the annual renewal premium," says Anuj Agarwal, chief financial officer of SBI Life. "After the July regulation, we began estimating renewal premiums for different product categories within ULIPs. It allows us to study the impact on profitability."

Renewal premiums contribute towards growth in net assets and, therefore, add to the insurer's income (see 'APE Market Share'). Non-payment of renewal premium does not raise the worth of net assets. This restricts fund management charges. It's a vicious cycle. Combined with falling markets, "people will stop renewing premiums", says Mony. However, "better market performance has encouraged policy holders to increase the premium through top-up. This has been the trend so far", says Agarwal.



Source: *BW* research

The Insured Are Assured

The role of the agent is the key in ULIPs

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- Access to the EU, Central Asia and the Middle East.
- GDP increase of 122% in the past 4 years, reaching 400 billion USD.
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- Ranked as the 13th most attractive country in the world for FDI (OECD 2006).
- FDI worth 20.2 billion USD in 2006.
- Annual Average GDP growth of 7.4% per year since 2002.

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— intended to be long-term investments. Renewal premiums fall if the insurer does not analyse customers' needs properly at the time of selling (this is what insurance analysts call a 'mis-sold' policy), or because follow-up service is inadequate. Most customers are briefed about ULIP's long-term nature and are advised not to time ULIP investments with market movements. "The trend of withdrawals during short-term market dips may relate more to other market-led instruments, and not ULIPs," says G.L.N. Sarma, chief actuary at Bharati Axa Life.

India is yet to see a sustained market decline big enough to make policy holders cancel policies. "In some policies, lower units are allocated in the early phase of investment," says Sanket Kawatkar, senior consultant for insurance and financial consulting at Watson Wyatt Worldwide. "But in the long run the policy would offer better returns. This may make the policyholder stay longer: he may not have any incentive to pull out of the policy even if the market experiences a blip in the short run."

BW research indicates that contributions to ULIPs have gone up even though the market has fallen twice this year — in May and August (see chart 'Sensex Versus ULIPs'). ICICI Prudential, whose renewal premiums have gone above $680 million (Rs 2,720 crore) over the past three years, says that its persistency ratio for renewal premiums is as high as 92 per cent.

"ULIPs are controlled by the insured himself; he can always move into debt funds from equity funds when he is concerned about the market," says Puneet Nanda, executive vice-president of ICICI Prudential Life. Renewal premiums will be affected only when there is a continuous downturn in the markets for over a year. The minimum ULIP premium is Rs 5,000 — over the life of the policy — and the average premium for other policies is around Rs 20,000.

Commission And Structure

And then there are the commissions paid to agents, which can be a significant cost to the company. As ULIPs are selling well for the past five months, the single premium business is no longer favoured by insurance companies. "Single premiums do not add to the corpus of the company and, importantly, the commissions paid to agents can eat up a large part," says Mony. "Renewal premium products are more structured, and commissions taper down."

Clearly, commission structures are very important in selling ULIPs. The cap for commission on ULIPs is 65 per cent — high commissions as incentives, therefore, pose risks if renewals fall. For example, if it is 40 per cent in the first year, it tapers down subsequently, according to the strategy employed by the insurer. However, life insurance companies say not many can get away by charging 40 per cent as first year commission. "In ULIPs, it is pricing that sells the policy," says Joydeep Roy, chief distribution officer of Tata-AIG. "Commissions should not be a burden on the insured. These days, no one can price it [commission] at 40 per cent and get away with it." Life insurers say that ULIPs are transparent as they show how much cash goes into acquisition and how much is invested in the customer's account. Striking a balance in customer fund allocations and agent commissions is the key, they say.

Bajaj Allianz, whose corpus grew to Rs 8,821 crore in October 2007, ensures that it pays a significant portion of the agents' first year commission only after the second year's premium comes in. "This ensures that the agent remains interested in seeing that a regular-premium ULIP is kept in force," says Malay Ghosh, head of sales at Bajaj Allianz.

Looking Beyond

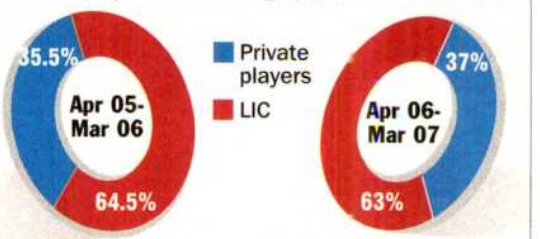
ULIPs are also becoming rural-driven. Insurers believe that farm incomes in India are a huge untapped business.

But tier-III cities and towns remain largely unaware of the potential of stockmarket investment. The task of educating a potential policyholder about the risk of investment is left to the agent. "We do not take chances while selling ULIPs in rural regions," says Nanda. "Only when people understand our products do we let our agents sell." Agents who have undergone in-house training on ULIPs are allowed to sell market-linked products to village folk.

Insurers are also relying on other products such as group insurance policies, which are either term or endowment policies. But these policies constitute only 5-10 per cent of their business. "Group insurance has grown from 2.8 per cent to 4.2 per cent this year," says Mony. "But this will be limited largely to tier-III cities and smaller towns." When everything is being sold on the basis of rising markets, life insurance companies can enjoy the ride while it lasts. When life insurance becomes a single-product business, maybe insurance firms need some risk cover themselves. ■

Aggressive growth

Private players are moving up the insurance chain



Total APE: Rs 22,033 cr
LIC: Rs 14,216 cr
Pvt players: Rs 7,817 cr

Total APE: Rs 43,035 cr
LIC: Rs 27,103 cr
Pvt players: Rs 15,932 cr

APE: Annualised premium earnings
Source: *BW* research
Graphics: PUJA RAI

The Big Boys

The top four insurance companies account for 70 per cent of APE*, with the top two accounting for almost half

Note: Others include Kotak Life, ING Vysya, MetLife, Shriram Life, Sahara Life, Bharti Axa Life
*Annualised premium earnings Source: *BW* research

Th best plac to put a Da Vinci: on your wrist.

IWC
SCHAFFHAUSEN
SINCE 1868

Stays on the wall.

Da Vinci Chronograph. Ref. 3764: Sometimes you have to break with convention to progress. In the case of this watch we did so several times. Its tonneau-shape case houses a chronograph movement developed and manufactured by IWC. The stopwatch time on the revolutionary display is as easy to read as the time of day. And thanks to the flyback function, it starts again in the blink of an eye. Even Leonardo would probably have spared it a wrist. **IWC. Engineered for men.**

Mechanical IWC-manufactured chronograph movement (figure) | Flyback function | Automatic IWC double pawl-winding system | Date display | Antireflective sapphire glass | Sapphire glass back cover | Water-resistant to 30 m | Stainless steel

New Delhi - Johnson Watch Company, E-71, South Extension Part-1, Phone: +91 11 2464 2255 / 2464 2299 - Johnson & Company, C-16, Connaught Place, 10001, Phone: +91 11 4151 3121 / 2341 8935 - **Mumbai** – Ethos, G-27 28, 39, Ground Floor, Inorbit Mall, Malad (W), 400006, Phone: +91 22 6640 6991 / 2 - **Bangalore** - The Helvetica No A-11 / 12 Galleria Leela, The Leela Palace, Airport Road, 560001, Phone: +91 99 0017 3777

THINK

The winds of change blow hot and cold as the ad industry comes to terms with new media, products and consumers. By Meghana Biwalkar

THE Effie Awards are a time for the advertising fraternity to come together and applaud 'excellence in effective advertising'. Last month, apart from recognising the best work in the year gone by, the annual gathering announced a new initiative: the formation of a shadow committee. "We have realised that the present Ad Club Committee is not the future of the advertising world," the Advertising Council said in a surprising admission-cum-announcement. "A newly formed Young Turks committee will act as a link to the future." Clearly, the Indian ad industry is no longer what it used to be.

In the past few years, the ad arena has undergone a sea change. The means of communication have expanded and multiplied. It is new distribution channels, and additional product and consumer categories that have forced this change.

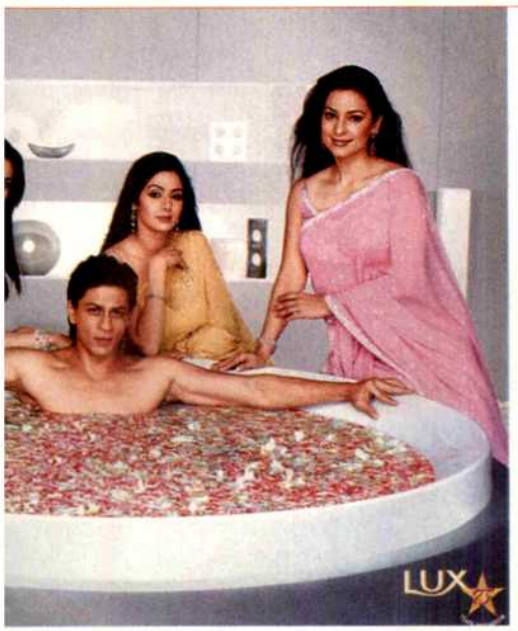
In this hyper-productive market, a new product is launched almost every day. Retail, real estate and IT are rockets the consumer has become accustomed to riding. The brand awareness level of fairness creams among male consumers in the age group of 25-30 years is 43 per cent. It matches the bracket their spending power falls into. Sugar-free substitutes and body washes are now common household products, not niche categories.

This change and rise in awareness among consumers is witnessed across all socio-economic strata, regions and towns.

"It's evident that consumers are evolving fast," says Nakul Chopra, CEO and managing director of Ambience Publicis. "As a result, they have started dictating market trends. To start with, the industry needs to achieve a level where it can reach out to future consumers before they demand a new idea to match their lifestyles. This way, the advertising industry can once again be the custodian of the brand."

The Indian advertising sector has had a flat growth rate of 10-12 per cent per annum in the past two years. According to AdEx India, a division of TAM Media Research, ad spend was Rs 16,300 crore as compared to the previous year's Rs13,200 crore. It's a race that everyone runs. If the consumer is sprinting, media and technology follow at a close dash.

Agencies also have to rethink their role. "In today's evolving markets, agencies must realise that they are not here to tell consumers what they must consume; instead, they are here to keep consumers interested in a particular brand by breaking through the clutter with interesting concepts," says S. Shanta Kumar, managing director at Saatchi & Saatchi.



AGAIN

WHAT'S THE BIG IDEA? A hyper-productive market is matched by an extremely aware and demanding consumer. A mix that wants bright new ideas.

The Old And The Beautiful

Observers are of the view that managing advertising in a dynamic world is far more complex than doing so in a constant one. "Agencies are still following the old-fashioned creative model, run by yesterday's mindsets," says Josy Paul, national creative director of J Walter Thompson (JWT).

For instance, most brands still lean on celebrities to engage consumers. Often the celebrity becomes larger than the brand. When Kajol promoted Tata Indicom, the ad (created by FCB-Ulka) focused more on the ex-superstar than the product's features.

However, exceptions delight. One unanimously quoted industry example is the Happydent White commercial. This lavish, 80-second ad for a chewing gum that causes teeth to sparkle features turban-clad men smiling everywhere — the dazzling white teeth replace automobile head-lamps and the chandeliers of a palace in no time. A lot of viewers who couldn't help laughing also bought the gum. "It's all just a bit too fantastic," admits its agency, McCann Erickson. The commercial got its just reward at the Effie Awards and also bagged the Yahoo! Big Idea Chair award. Earlier this year, it was also nominated for Grand Prix at the Cannes festival.

Would this indicate a lack not of ideas but their execution? "We are as bold as our clients," says Tarun Rai of JWT. But, "The appetite for risk has gone down, because the clients fear that by being too experimental, they will lose out to competition," says a young creative professional who does not wish to be named. "So they often reject fresh ideas and encourage tried and tested formulae. Sometimes, the problem lies with the agencies itself, which are run by people who are unwilling to experiment."

Fast, Furious And Fresh

Alhough approximately 70 per cent of print and television advertising is admittedly run-of-the-mill and repetitive, brands such as ITC Bingo and IDEA are reflecting a new form of communication. The commercial for Bingo (created by O&M), for instance, uses humour to draw attention to new flavours. Consumers found the ad confusing, but said it

was different: they were keen on trying the new offering from ITC. On the other hand, by referring to people as numbers, IDEA commercial created by Lowe had everyone talking about it.

"About 10 years ago, communication was far more polite but, today, to break through the clutter and take control of things, creatives are sharp," says Bobby Pawar, national creative director of Mudra DDB. "They have to be like this to communicate benefits and to value consumers' time and needs."

The change is most apparent in the highly visible outdoor medium, which is cheap to begin with, and easily reversible when compared with TV and print campaigns. Outdoor adspend rose to Rs 978 crore in 2006 from Rs 690 crore in 2002. One example was the Lux commercial (created by JWT) celebrating 75 years of the brand in December 2005. Shah Rukh 'King' Khan was the unexpected centrepiece of an extravagant rose petal bath, while a bevy of Lux's 'traditional' stars, from Hema Malini to Kareena Kapoor, stood around him by way of endorsement. Alas, their collective dazzle failed to impress the till.

The failure of some bold experiments is attributed to the disconnect between understanding the consumer and delivering value to him. "Today, the consumer is moving fast and fresh ideas are needed to capture his attention," says Pranesh Misra, president and COO of Lowe India. "Thus, we need to revise the old model of consistency, which revolves around showcasing the same idea or thought for as long as possible."

The industry is already responding to this need. Nike, for instance, surprised the Indian mind by associating itself with a sport it had never attempted before — cricket. Conveying chutzpah and sentiment with an improbable game of street cricket on a road thick with traffic, the ad (created by JWT) had a nation SMS-ing friends with, 'Did you see the Nike ad? Don't miss it.' Those who didn't, managed to find it on Youtube, various blogs and on e-mails.

Unsurprisingly, this ad recorded the highest brand recall with its irrepressible spirit. The advertisement did justice to the amount spent by Nike to become the official kit sponsor of the Indian cricket team: The company paid Rs 196 crore to the Board of Control for Cricket in India.

A Parachute ad had India humming along even as it sold mundane coconut oil. The jingle featured a contemporary woman's everyday life, telling her, *'Pyaar mein...ya phir kissi ke intezaar mein...tum to ho gorgeous hamesha* (in love...or waiting for someone...you are always gorgeous.)" Created by McCann Erickson, the commercial recently won the Yahoo! Big Idea Chair award.

The agency went interactive via digital media. It gave consumers an opportunity to send a 'gorgeous' wish as video greetings through the internet. It received over 200,000 hits on its website in the campaign period (July-Oct 07), about 66,000 views of the video greetings and 55,000 audio and video mobile greetings in one month. These initiatives were reflected in sales, too, which went up 96 per cent.

"One cannot have a foolproof model or a structured idea of what can break the clutter," points out R.'Balki' Balakrishnan of Lowe. "It is a business that also works strongly on gut feeling and a great understanding of the consumer's mindset. The fact remains that good advertising is a gamble, and it is bigger than ever before."

New Directions

New media is far more complex in terms of technology and reach. Ads communicated via the internet and cellphones have a short life. Consumers guide the terms of new media. They decide if they want to see a particular popup advertisement on their computer screen, or read a promotional message on their mobile.

"What's lacking in today's advertising is the importance of creating a fresh idea that will cut across all forms of media," says JWT's Rai. Therefore, the trick lies in creating a commercial that will transit from one medium to the other, keeping the basic idea intact.

For instance, JWT's Sunsilk Gang of Girls commercial was created to intrigue and evoke curiosity about the

Leaders in space

Year 2004

Rank	Advertisers	Col*cms ('000)
1	Maruti Udyog	2,257
2	Bajaj Auto	1,986
3	Government Of India	1,961
4	LG Electronics India	1,615
5	Samsung India Electronics	1,404

Year 2005

Rank	Advertisers	Col*cms ('000)
1	LG Electronics India	1,760
2	Bajaj Auto	1,527
3	Hewlett-Packard India	1,466
4	Hero Honda Motors	1,440
5	Tata Motors	1,349

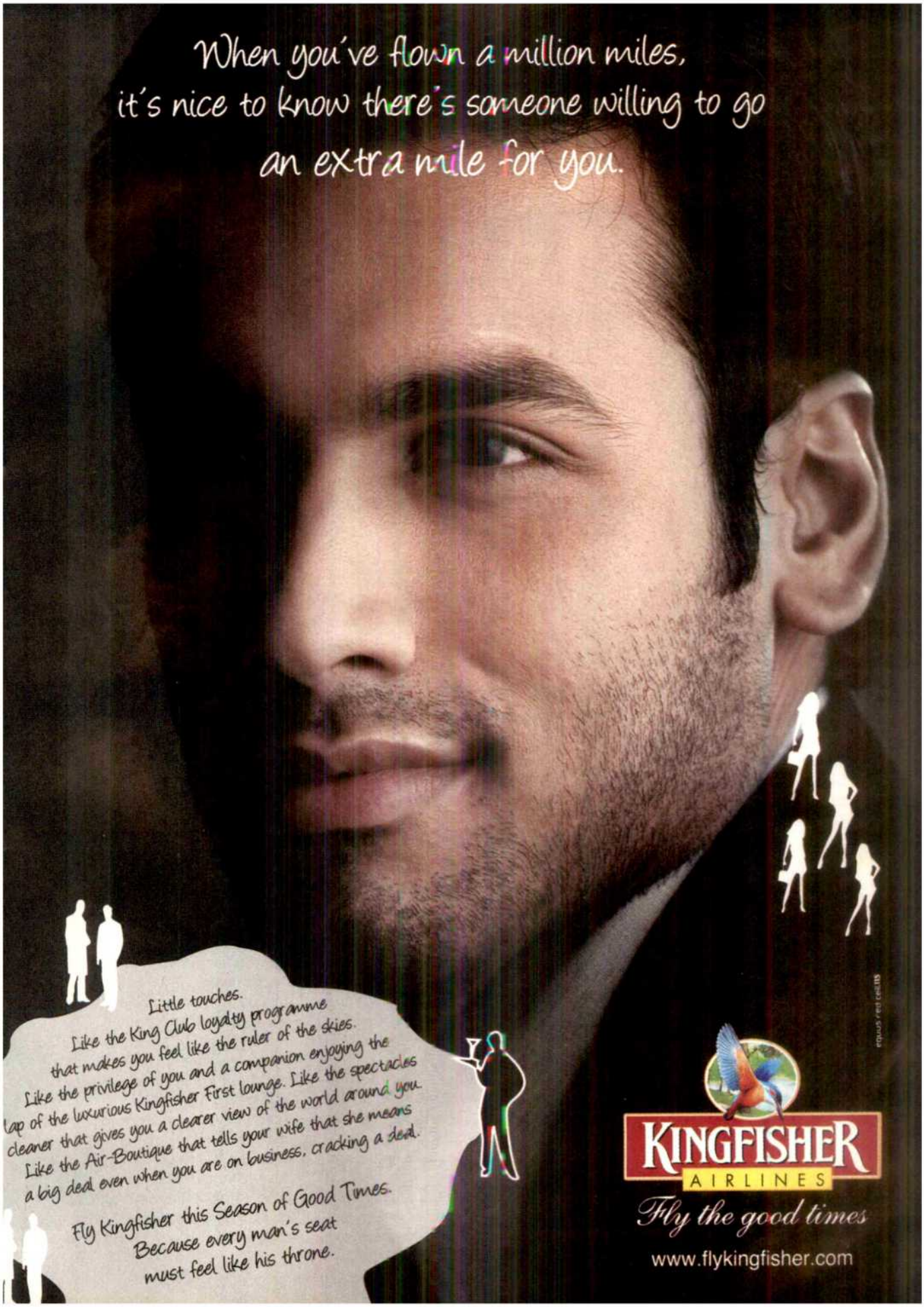
Year 2006

Rank	Advertisers	Col*cms ('000)
1	LG Electronics India	1,777
2	Bajaj Auto	1,634
3	Tata Motors	1,565
4	Hewlett-Packard India	1,530
5	Reliance Communications	1,524

H1 07

Rank	Advertisers	Col*cms ('000)
1	Maruti Suzuki	1,050
2	Bajaj Auto	684
3	Tata Motors	684
4	Reliance Communications	656
5	Hewlett-Packard India	619

Figures are based on volumes (column centimetres) Medium: Print
Source: AdEx India (A division of TAM Media Research)


When you've flown a million miles,
it's nice to know there's someone willing to go
an extra mile for you.
Little touches.
Like the King Club loyalty programme
that makes you feel like the ruler of the skies.
Like the privilege of you and a companion enjoying the
lap of the luxurious Kingfisher First lounge. Like the spectacles
cleaner that gives you a clearer view of the world around you.
Like the Air-Boutique that tells your wife that she means
a big deal even when you are on business, cracking a deal.
Fly Kingfisher this Season of Good Times.
Because every man's seat
must feel like his throne.
KINGFISHER
AIRLINES
Fly the good times
www.flykingfisher.com

product. It offered a platform for consumers to interact, by guiding them to a website, which was promoted through outdoor, television and print ads. "We need to explore new media and open two-way communication with consumers," says Paul. " However, we are still stuck on running regular TV and radio spots, which, in today's fast-paced scenario, are easily forgotten. We need to use one media to direct towards the other."

The internationally acclaimed September 2004 Dove 'Campaign for Real Beauty' created by Ogilvy & Mather can be an inspiration. It featured 'real' women whose appearances were different from the stereotypical norms of beauty. The advertisement asked viewers to judge the women's looks and invited them to cast their votes and join in discussions through the internet. The advertisement, which was released through a conventional avenue, was made interactive by guiding consumers to new media.

The new media road is largely less travelled in India. Though the mobile phone is now emerging as a fourth screen, advertisements are still restricted only to SMSes. "To accept this new form of media, we need to be more confident about ideating for something that will cut across all forms of media. Secondly, our infrastructure and mechanism needs to be in place," says Ashish Mishra,, vice-president of strategic planning at Mudra Communications. According to industry estimates, below-the-line advertising is growing at the rate of 22-25 per cent and is expected to reach 50 per cent in the next two years. At present, below-the-line media stands close to Rs 10,000 crore.

Top segments

Year 2004

Rank	Segment	Col*cms ('000)
1	Educational institutions	11,427
2	Corporate/brand image	7,769
3	Two-wheelers	6,016
4	Cars/jeeps	5,199
5	Properties/real estate	3,707

Year 2005

Rank	Segment	Col*cms ('000)
1	Educational institutions	12,699
2	Corporate/brand image	5,328
3	Two-wheelers	4,859
4	Cars/jeeps	4,817
5	Properties/real estate	4,161

Year 2006

Rank	Segment	Col*cms ('000)
1	Educational institutions	13,403
2	Properties/real estate	6,862
3	Corporate/brand image	6,515
4	Cars/jeeps	5,523
5	Independent retailers	5,337

H1 07

Rank	Segment	Col*cms ('000)
1	Educational institutions	8,675
2	Properties/real estate	3,074
3	Corporate/brand Image	2,940
4	Cars/jeeps	2,820
5	Independent retailers	2,796

Figures are based on volumes (column centimetres) Medium: Print
Source: AdEx India (A division of TAM Media Research)

A Way With Words

Talented people are the fulcrum of any creative process. "We can only attract diverse talent if we, as an industry, show diverse creative possibilities," says Balki. "Good advertising will attract talent."

The ad industry is also seeking a structural rebirth, which includes a change in the top-heavy management structure. "We need to cross-pollinate and look for talent in other industries — engineering, social sciences and other arts," says Josy. Fresh voices have to be heard, and guided to excel.

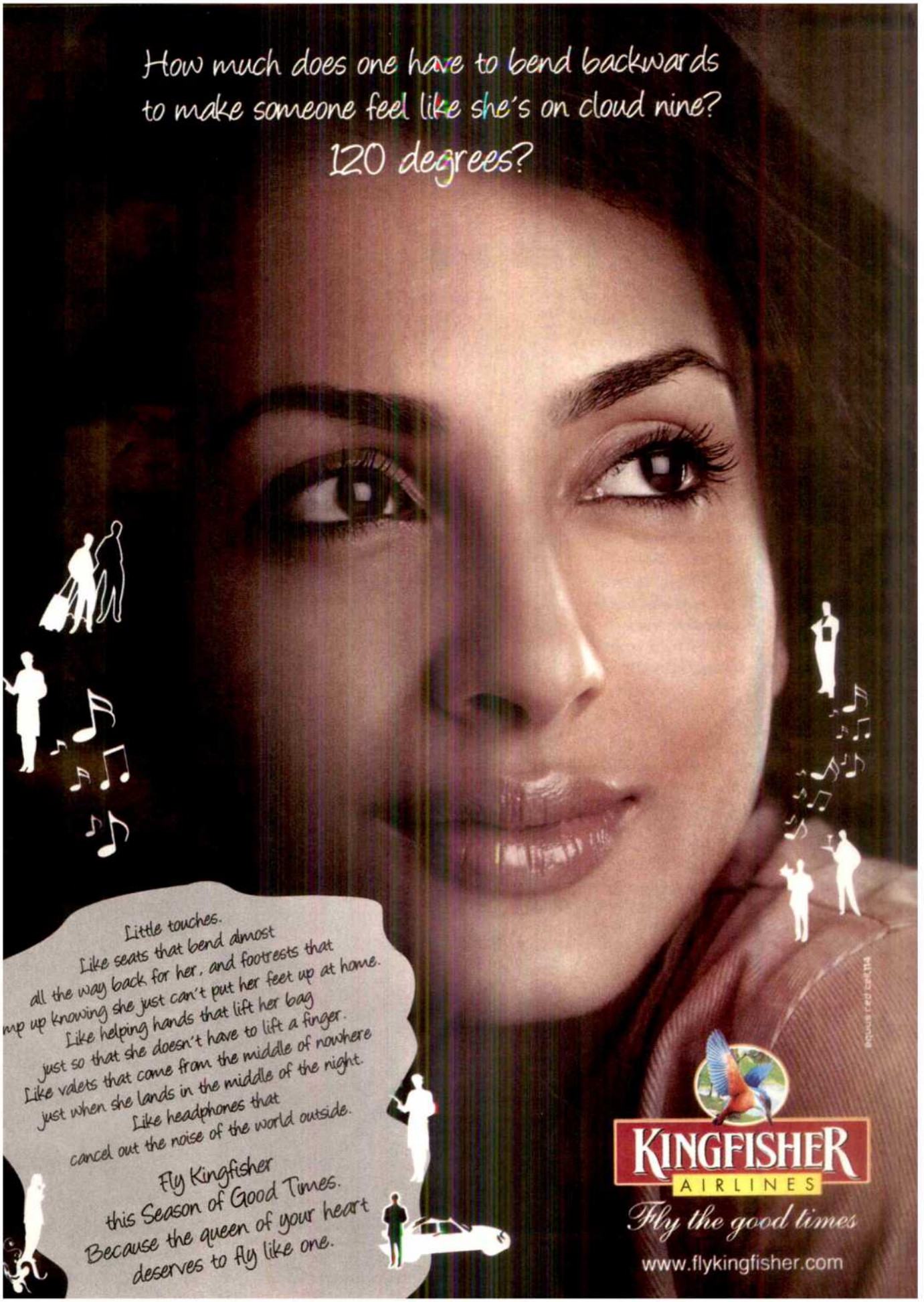
Though the salaries have gone up by 30-40 per cent in the past few years, agencies are struggling to retain talent. The raise is not across all agencies. Young creatives from some of the leading agencies say the remuneration hasn't really changed for the past five years, especially at the time when salaries across industries have risen significantly. Today, a creative starts somewhere in the range of Rs 8,000 to 10,000 a month , while a client working as a management trainee earns around Rs 12,000 to 15,000 amonth. A middle management creative with four to five years of experience earns Rs 30,000 to 40,000 a month — the starting salary of an IT professional. "Advertising industry will get a new lease of life if the remuneration is more," says a recent entrant.

The basic infrastructure is already in place, and thriving. It's time now to be innovative. India's advertising industry is among the leaders in evolving economies such as China, Brazil and Russia.

"The industry is certainly evolving in terms of ideas and execution," says Venkatesh Kini, vice-president of marketing at Coca-Cola. "However, it needs to start thinking beyond a 30-second television commercial and create ideas that will work across new media and reach out to consumers in a far more engaging manner."

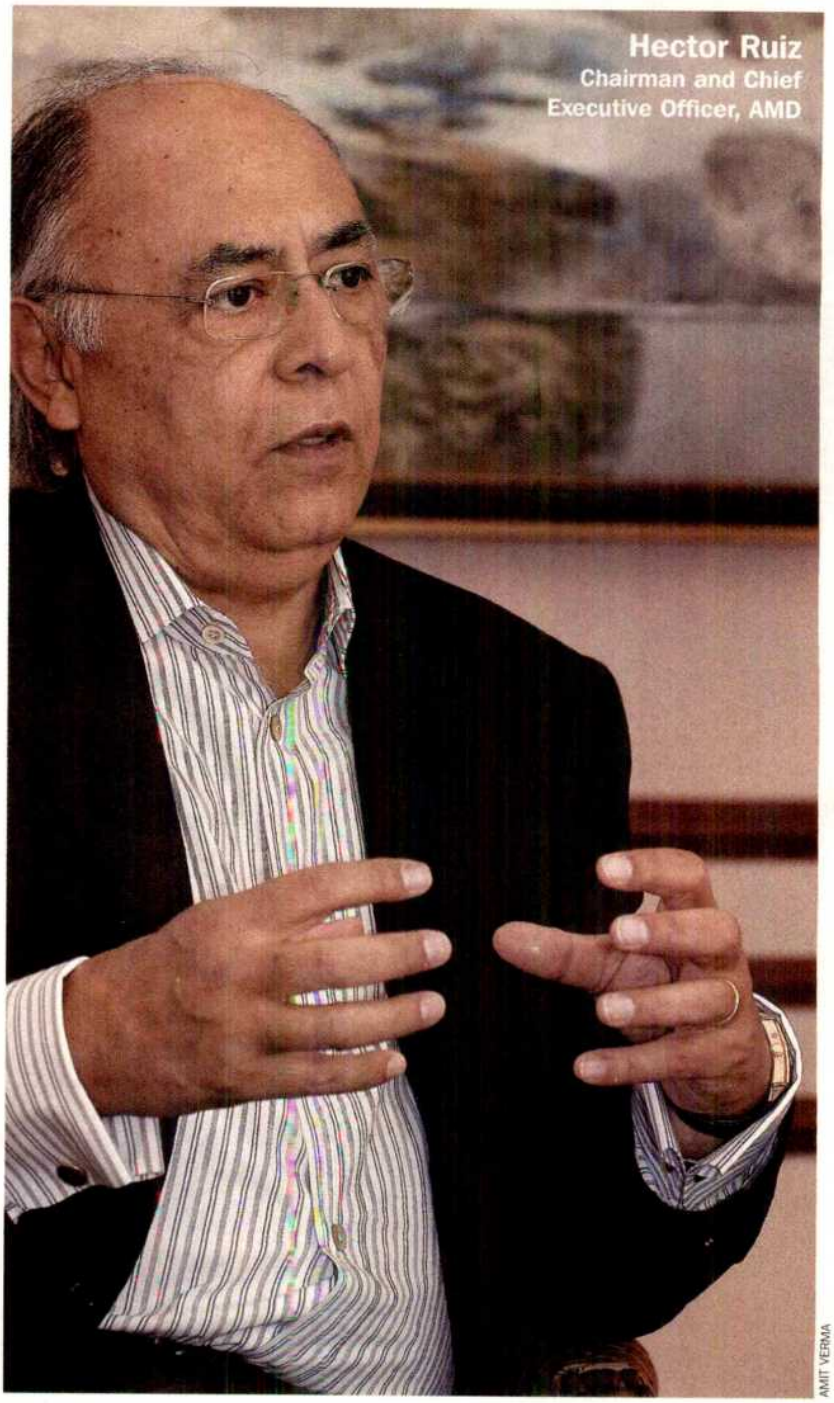
Clients and agencies need to work together. "We need to accept that we are living in a fish bowl," says Josy. "We have to seek new influences and learn from other industries such as television, so that we may adapt to change. We have to create and manage talent. We have to think ahead of the consumer."

If medium is the message, the industry may well keep checking its inbox for mail from the new technologies. The last century tested and expanded the limits of the advertising world; the new century may change it beyond recognition. The challenge before the Indian advertising industry is what it is supposed to do routinely every day; rethink. It seems advertising indeed needs quite a few Young Turks. ■


How much does one have to bend backwards
to make someone feel like she's on cloud nine?
120 degrees?
Little touches.
Like seats that bend almost
all the way back for her, and footrests that
mp up knowing she just can't put her feet up at home.
Like helping hands that lift her bag
just so that she doesn't have to lift a finger.
Like valets that come from the middle of nowhere
just when she lands in the middle of the night.
Like headphones that
cancel out the noise of the world outside.
Fly Kingfisher
this Season of Good Times.
Because the queen of your heart
deserves to fly like one.
KINGFISHER
AIRLINES
Fly the good times
www.flykingfisher.com

'We are now strongly positioned for the future'

THE challenger always has an uphill task but it also carries less baggage and can be more nimble in the marketplace. US-based Advanced Micro Devices (AMD) competes against global semiconductor major Intel, whose credo has been 'only the paranoid survive'. Pitted against a competitor that dominates the market, AMD has carved out a space for itself with a credible global market share. But the past four quarters have been bloody for AMD. It has reported losses and the market has beaten down its share price. Hector de J. Ruiz, the chairman and CEO of AMD, spoke to *BW*'s K. Yatish Rajawat and Rajeev Dubey on the challenges faced by the company. Excerpts:



Hector Ruiz
Chairman and Chief Executive Officer, AMD

AMIT VERMA

■ *It seems certain now that the American economy will head into a recession and spending will slow down. Where do you see the global prices of hardware headed, and will it affect tech companies?*

■ I don't know if the country is going into recession. What we are focused on is the fact that technology is pervasively needed across all segments of the industry to be able to continue to make wealth and create economic opportunities. We may go through an economic bump but, frankly, that, or how it impacts the industry, is on no condition a priority for me. These needs of all segments of the industry for technology may go through slight adjustments to the economic cycles. But when it takes, personally, four years to build a factory and four years to change the architecture, we've always got to be looking beyond these challenges. So, we are always prepared to adjust as much as we can to the bumps. It's not changing the long-term vision of what we need to do.

What does it take to please them all,
and yet make each one feel like
you only want to please them?
Little touches.
Like a smile that melts you faster than
the ice-cream in your Signature Dessert.
Like the foot rest that jumps up for her,
knowing she can never put her feet up at home.
Like 8-inch tv screens that put
30-inch-wide smiles on their faces.
Like that extra mile flown to make each one
feel like they're flying on Cloud 9.
Fly Kingfisher
this Season of Good Times.
Because the rulers of your heart
deserve to feel like kings.
KINGFISHER
AIRLINES
Fly the good times
www.flykingfisher.com
equus red cell116

■ *How would this recession be different from the one after the dot com meltdown, which affected AMD quite adversely?*
■ The events that began in 2000 led to the semiconductor recession of 2002, which, if you look at the data, was the deepest and the longest recession in history. Obviously, for a period of time there, we were in more of a survival mode trying to get out of it. But that passed and we grew strongly in the subsequent years of 2004 and 2005.

■ *You haven't had a strong 2007 and we are heading towards a tough time. How do you see US companies adapting to the opportunity, say, outside of the US?*
■ There are two things. We did not have a great 2007 from the financial results point of view, but 2007 has been a phenomenal year strategically. We are now strongly positioned for the future. We acquired ATI, which is going to have a phenomenal impact on the future of the company. Sometimes, one of the best ways to get over a speed-bump, in economic terms, is to have an exciting product portfolio lined up. We have a range of exciting products for rollout in 2008.

■ *Elaborate on your comment that competition is not fair in some countries.*
■ There were two comments I made, one general and one specific to India. The general comment is that Intel's abusive monopoly practices throughout the world have proven to be harmful to consumers and have made it difficult for us to do business. More specifically in India, we still do not have a transparent government procurement process. We have a lot of work to do so that the people in the government do not specify Intel processors as a standard when they are buying computing equipment.

■ *Please explain how specifying a particular brand or a configuration for buying computing equipment affect the government's buying process. Can you give an analogy about this practice of Indian government for another industry?*
■ Our industry is unique and there are only two suppliers of semiconductors (AMD and Intel). So, if the government specifies one supplier as a standard and if that brand has the worse product then the government ends up wasting public money in buying an inferior product. If you made it open then the government would have the opportunity to choose the better among the two. To give an analogy, take cars. If the government was to insist that it will buy only, say, Buicks it would limit any other car company from selling to the government.

■ *Governments across the world have specified Intel as standard for years, why do you think this has not changed?*
■ Well yes, we have an initiative around the world to change this, but we have a lot of work to do, in India in particular. Intel's done a good job, over years of persuading government procurement people. We've seen significant efforts by policy makers around the world, be it in Brussels, Washington or Beijing to reverse that practice as a matter of policy and a measure to ensure that competitiveness, innovation and price are driven.

"We are not playing in the traditional semiconductors for cellphones market... I think we will have a great opportunity in the convergence phone"

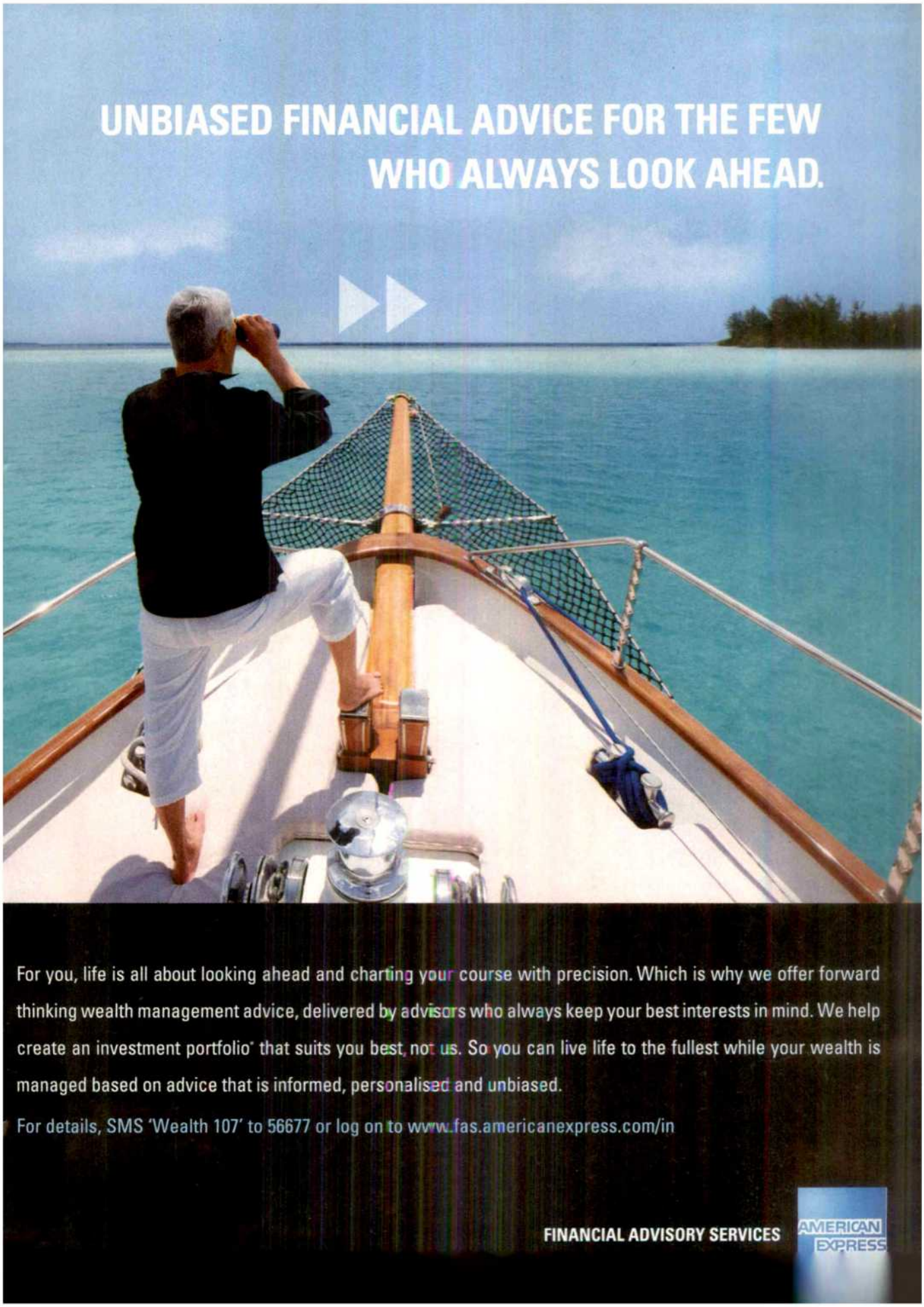
■ *How are governments in China, Brazil and Russia addressing this issue?*
■ China has passed a legislation and gone out of its way to persuade state and local governments to drop non-competitive practices. Brazil did the same thing. In the EU, the practice is to move away from specifying one brand or company in a tender process.

■ *AMD has been talking about the low-priced PC or the communicator for a while, but it seems not to have achieved any kind of momentum or sales with the customers, and the whole initiative seems to have gone into a lull of sorts...*
■ No, I don't think so at all. As a matter of fact, if I look at AMD three years ago, our internal road maps today involve products that will be very low-cost, low-power. We still believe that there is a huge 3-billion-people market that is eager to access technology. I think it is an excellent market where the products have to be of adequate quality, price and value, and the communicators reflect the same.

■ *Which will succeed — the cellphone as the low-cost, low-power PC or the computing industry with a cheaper computing product portfolio?*
■ You are not going to like my answer but the answer is both of them. I think there is going to be convergence of devices, but it's not going to replace everything. There is an emerging segment that will want devices — cellphones, PDAs, laptops whatever you want to call it, and that segment is going to be big. While you know you can Google the location of a Chinese restaurant from your cellphone, you cannot access the brain-scan by a doctor 30,000 miles away on it. What's happening is that each of these niches are on their own getting so big that whereas earlier there were only 10 million computer users in the world, now there are hundreds of million.

■ *Does that automatically mean that you will do something with a convergence device or a phone in the future?*
■ We've already made that decision. We're not playing in the traditional semiconductors for cellphones market, because we think there are already a lot of good players there. I think we will have a great opportunity in the convergence phone. We have already made good progress, which comes from the ATI portfolio that is licensed by several handset makers for its graphics technology.

■ *What's the most exciting product you're working on right now?*
■ One of the reasons we acquired ATI was to execute the ambition we have, that is the heterogeneous multi-core technology for the future. It combines the capabilities of various types of processes and technologies to give power efficiency, tremendous computing, and low cost. If we had our way, we'd replace every platform on every computer. ■


UNBIASED FINANCIAL ADVICE FOR THE FEW
WHO ALWAYS LOOK AHEAD.
For you, life is all about looking ahead and charting your course with precision. Which is why we offer forward thinking wealth management advice, delivered by advisors who always keep your best interests in mind. We help create an investment portfolio* that suits you best, not us. So you can live life to the fullest while your wealth is managed based on advice that is informed, personalised and unbiased.
For details, SMS 'Wealth 107' to 56677 or log on to www.fas.americanexpress.com/in
FINANCIAL ADVISORY SERVICES
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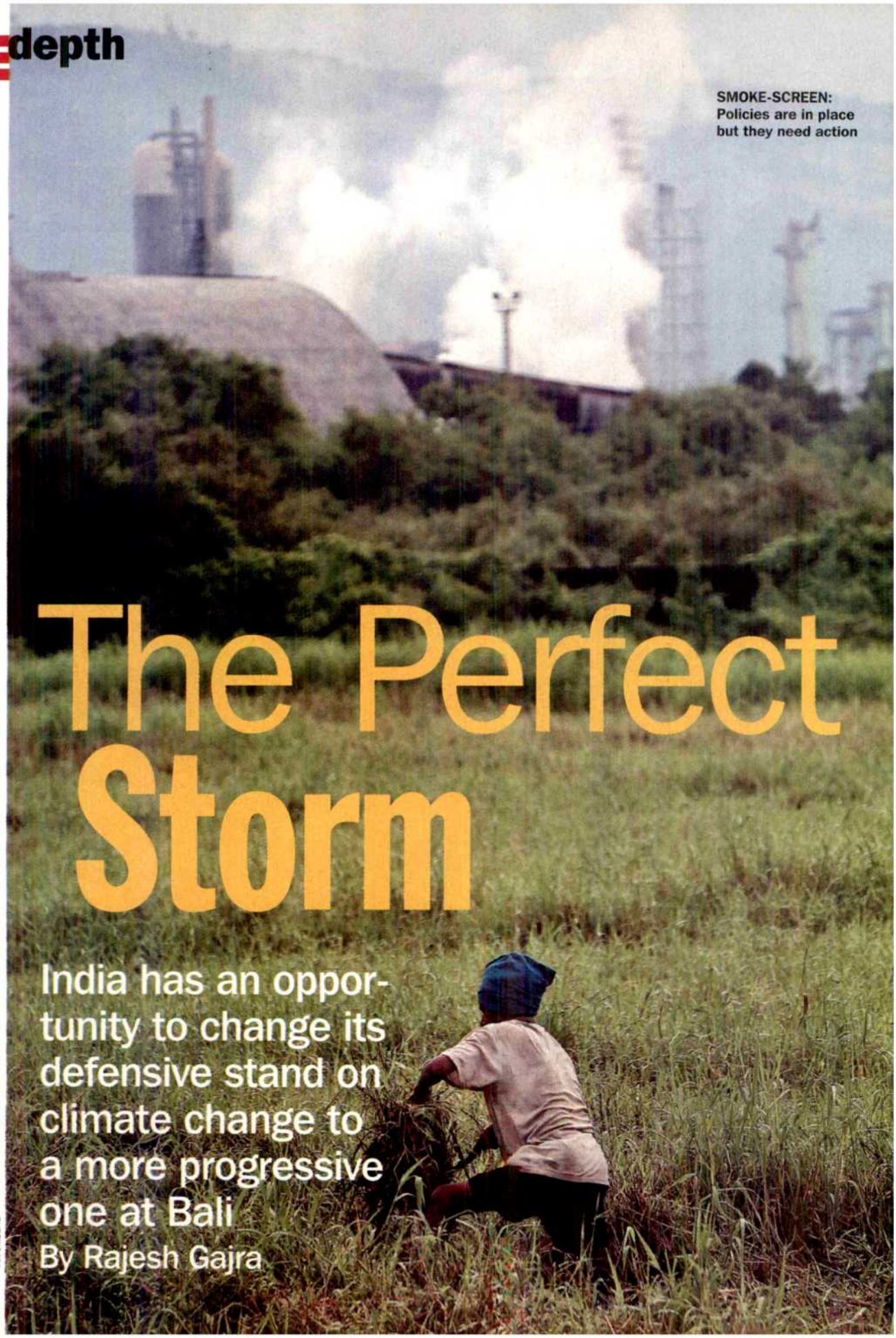


SMOKE-SCREEN: Policies are in place but they need action

The Perfect Storm

India has an opportunity to change its defensive stand on climate change to a more progressive one at Bali

By Rajesh Gajra

BLOOMBERG

IN his book *Nature Conservation and Sustainable Development in India*, environmentalist Prakash Gole writes, "If economic development results in imbalances in atmospheric, terrestrial or aquatic life cycles, restoration of disturbed ecosystems becomes imperative."

But talk about action to limit the impact of climate change, and the Indian government — along with those of developing countries such as China — will point to need for action first by developed economies such as the US, whose industries are the biggest contributors to greenhouse gas (GHG) emissions.

But should India do more? Greenpeace India's Executive Director, G. Ananthapadmanabhan, thinks that at Bali — the venue for the ongoing UN Climate Change Conference — India must take the initiative to force the developed world to seriously commit to deep cuts in their emissions (30 per cent reduction by 2020 and 80 per cent reduction by 2050 to 1990 levels of emissions).

Not everyone agrees. Last month, a UN Development Programme report asking developing countries to cut their GHG emissions by 20 per cent over three decades starting in 2020 was dismissed by Montek Singh Ahluwalia, deputy chairman of the Planning Commission. "It looks egalitarian, but isn't," he says. "The point is to shift from discussing total emissions, which is what this report does, to talking about per capita emissions — your individual carbon footprint." Ahluwalia's comments underscore India's position: that it will not cut emissions because a) the problem was created by the West b) India's per capita emissions are still very low, at least five times lower than in developed countries, and c) that it's a developing country that cannot afford the impact of emission control.

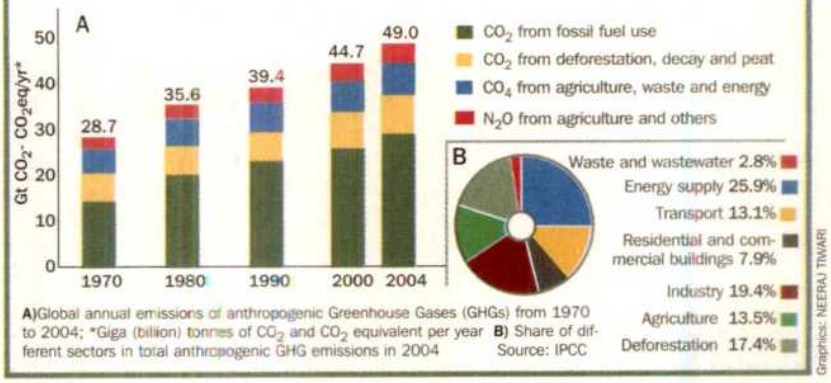
How tenable is that position? Blaming the West for all ills is no solution. Today, we have the capability and the technology to address climate change issues. The corporate sector in India has also displayed a willingness to take on the associated challenges. Public opinion, too, is on the side of doing something. While we debate the realtive metrics of calculating who should do what, the problem is getting worse. In the meanwhile, pressure is building from many quarters to demonstrate some leadership, and consider total, rather than per capita, emissions.

Also, India's current position would devastate its national and global ecology, and stop it from developing new technologies and energy sources. So, a more progressive policy approach for New Delhi would be to agree to reduce emissions while a) accepting that the developed world gives India access to new clean technologies at reasonable prices b) the cost of these technologies would be paid for through subsidised loans from global institutions such as the World Bank, and c) India introduces a rigorous policy of encouraging public transportation and technologies such as clean coal, nuclear fusion as well as wind, solar and biomass.

Of course, agreeing to reduce carbon emissions could mean a difficult trade-off for India — giving up some economic growth in exchange for discharging its responsibilities to the global community. Besides, changing energy strategy or reducing our dependence on coal, the main energy source, will impose huge costs.

Carbon blankets the atmosphere

Global emissions of greenhouse gases have sharply increased over the past three decades



A)Global annual emissions of anthropogenic Greenhouse Gases (GHGs) from 1970 to 2004; *Giga (billion) tonnes of CO_2 and CO_2 equivalent per year **B)** Share of different sectors in total anthropogenic GHG emissions in 2004 Source: IPCC

Graphics: NEERAJ TIWARI

Rich India on a par with world average

1.13bn Indians may be spewing out 1.7 tonnes of CO_2 per person but 10 million rich Indians spew out 5 tonnes each.

Per-capita CO_2 emission in 2005 (tonnes)

US	23.0
RUSSIA	13.5
GERMANY	12.3
UK	11.0
JAPAN	10.6
FRANCE	8.6
WORLD	5.0
INDIA >30K*	5.0
BRAZIL	4.5
CHINA	3.1
INDIA >15-30K**	3.1
INDONESIA	2.0
INDIA (OVERALL)	1.7
INDIA < 3K***	1.1

*10 million people earn more than Rs 30,000 per month ** 19 million people earn Rs 15-30,000 per month *** 432 million people earn less than Rs 3,000 per month Source: Greenpeace India

From Kyoto To Bali

The aims of the Bali Conference are three-fold: launch negotiations on a climate-change deal for the post-2012 period when the Kyoto Protocol expires; set the agenda for these negotiations; and reach agreement on when these negotiations will have to be concluded.

The Kyoto Protocol provides for three mechanisms that enable developed countries to meet emission limitation and reduction commitments. Under the Clean Development Mechanism (CDM), developed countries would take up GHG reduction activities in developing countries.

India ratified the Kyoto Protocol in 2002 — which came into effect in February 2005 — after 55 Parties to the

Convention (accounting for at least 55 per cent of carbon dioxide emissions since 1990) ratified it. No caps have been placed on India's emissions, while allowing transfer of technology and additional foreign investments in renewable energy, energy generation and efficiency promotion, and afforestation projects when the Protocol came into effect.

Moving Beyond The Rhetoric

Can India afford to act as if global warming is a developed country problem? As developing countries grow at breakneck speed, energy use will also climb (see table 'Atmosphere Gets A Carbon Blanket'). "Global atmospheric concentrations of CO2, methane and nitrous oxide have increased markedly as a result of human activities since 1750 and now far exceed pre-industrial values determined from ice cores spanning many thousands of years", the Intergovernmental Panel on Climate Change (IPCC) said in its Fourth Assessment Report last month. "Recent reports on climate change have added to the desperation for collective global action to limit the temperature rise to 2 degrees," says Anumita Roychoudhury, head of Right to Clean Air Campaign at the Centre for Science and Environment in Delhi.

Both India and China — if current economic growth rates are sustained — will create emissions in excess of the US, currently the largest polluter in absolute terms. But given their large populations, per capita emissions will remain lower, which is why the two countries are using that metric as a negotiating tool. Both the US and Europe stress that in the global context, that becomes specious. China, for instance, is adding an average one power plant a week based on coal to fuel its growth engine. India also has many power projects on the anvil.

The UNFCCC estimates that the effect of measures already implemented and adopted by the 36 Kyoto Protocol signatories will cut their emissions by about 8 per cent by 2010; additional measures could cut them by another 6 per cent. Are these enough? No, the commitments made so far by industrialised countries are not enough, says Roychoudhury. "They will have to take on much deeper cuts, proportionate with their responsibility to the problem."

Some Things Are Being Done

To be fair, the Indian government has not been sleeping on the climate change issue. It has targeted about 17 highly polluting industries and about 24 environmental problem areas. According to a May 2007 report by The Energy and Resources Institute (TERI) on 'Sustainable investment in India', "Chemical and engineering industries are at the top of the government's list... these include integrated iron and steel plants, non ferrous metallurgical units, pharmaceuticals and petrochemical complexes, fertilisers and pesticide plants, thermal power plants, textiles, pulp and paper, tanneries and chloroalkali units."

Policy measures on coastal zone regulations, afforestation programmes, and watershed projects are all there. "The ministry of non-renewable energy has come up with a building code that could soon become mandatory," says Suruchi Bhadwal, area convenor at TERI India. But poor enforcement has dented India's image.

Infrastructure is another problem area. "India needs to move towards energy efficient infrastructure, for example, a superb London-quality metro system for Mumbai," says Ajay Shah, senior fellow at National Institute of Public Finance and Policy.

Transportation poses its own challenges. "If India provides for alternative mobility options instead of encouraging car-centric urban growth, we can reduce emissions," says Roychoudhury. Agrees Shah, "I'd be thrilled if we would spend $10 billion each in the top 10 cities to build metro systems." The number of cars on the road will grow dramatically as Indians' purchasing power increases, especially with cheap cars such as the Tatas' Rs 1-lakh car that is slated to hit the markets soon. And our track record on this front has not been good so far. "Proactive action by governments is a necessity, but even CNG buses in Delhi came in only because the courts mandated it and not the government," says Arun Kumar, associate director at KPMG.

Other options exist for policy makers — wind power, solar power, fuel efficient vehicles, gas-run power plants, reduced deforestation and others. When the government decided to mandate the use of super-critical boilers for new power plants, it was a welcome measure. "This is the base technology for the world and we should actually make it mandatory even for 20-year-old power plants," says Kumar.

Technology can improve energy efficiencies in manufacturing and

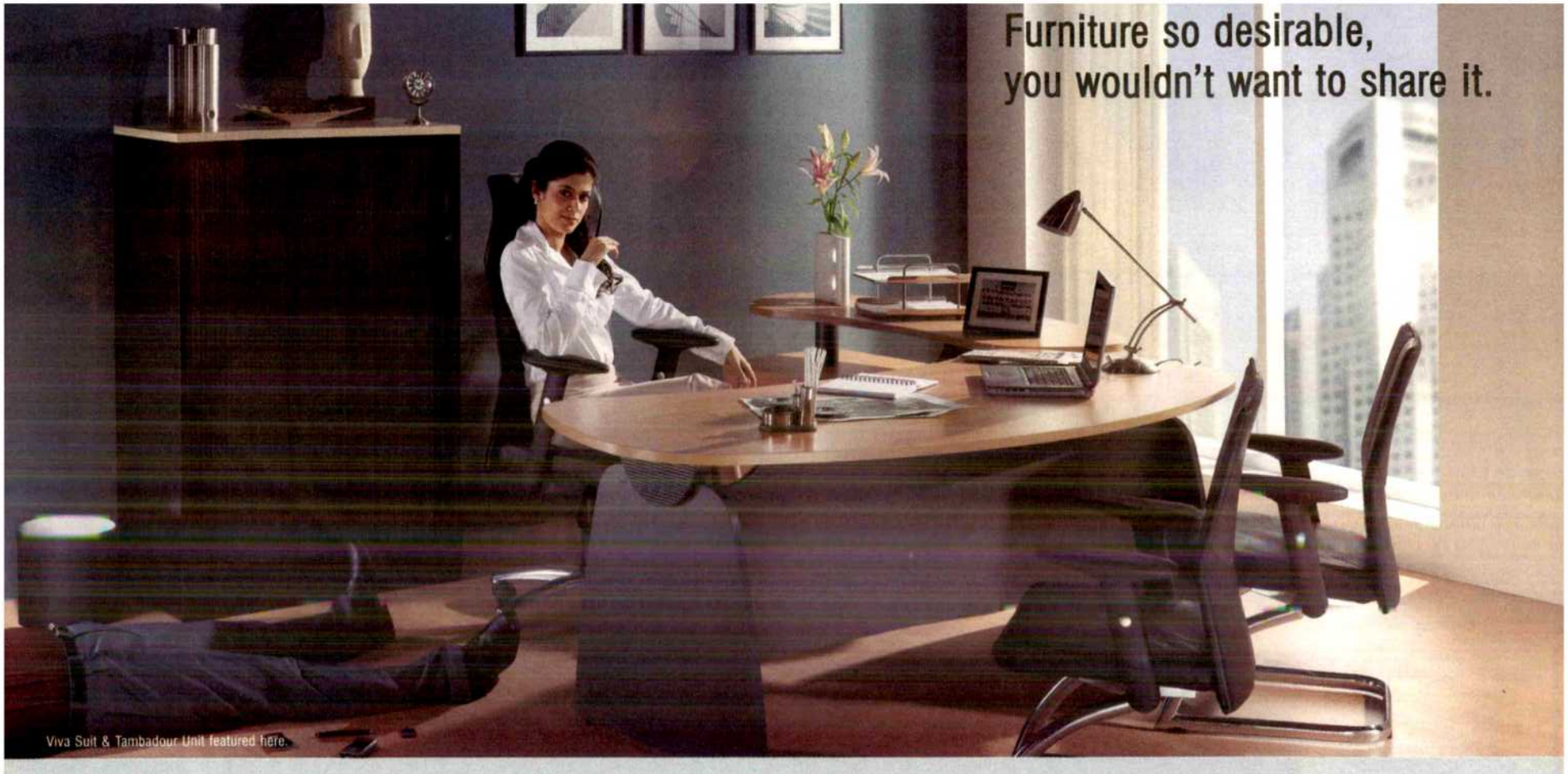
Standing still will make India and China run

Locking-in energy consumption rate involves highest sacrifice for India but will keep its growth the fastest.

Projected real GDP growth per annum from 2005 to 2050

	Scenario 1[a] Business as usual	Scenario 2[b] Constrained growth
INDIA	5.2	4.0
INDONESIA	4.8	3.6
TURKEY	4.2	3.5
CHINA	3.9	3.1
BRAZIL	3.9	3.2
MEXICO	3.9	3.3
RUSSIA	2.7	2.0
AUSTRALIA	2.7	2.5
CANADA	2.6	2.4
SOUTH KOREA	2.4	2.2
US	2.4	2.2
SPAIN	2.2	2.0
UK	2.2	2.0
FRANCE	2.2	2.0
GERMANY	1.8	1.6
ITALY	1.6	1.4
JAPAN	1.6	1.4
G7[c] TOTAL	2.2	2.0
E7[d] total	4.2	3.3

Figures in per cent
a: Energy use continues to rise as per trend since early 1980s; fuel mix is constant; assumption of US GDP growth decline of 0.25% p.a.
b: Energy use is capped at 2004 level, fuel mix stays constant; E7 catch-up rates down by 0.5% p.a. to 2020 and by 1% p.a. in longer term
c: Canada, France, Germany, Italy, Japan, the UK and the US
d: Brazil, China, India, Indonesia, Mexico, Russia and Turkey
Source: PricewaterhouseCoopers



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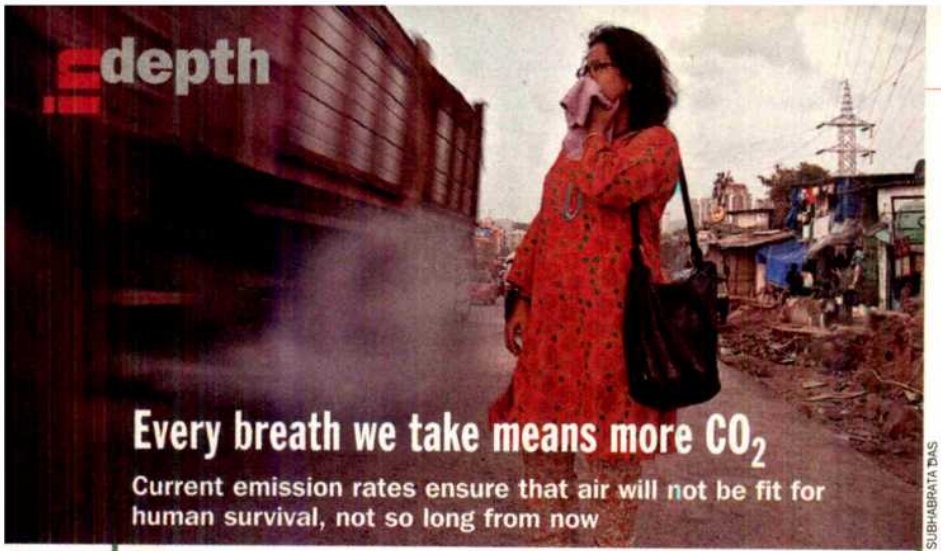

Every breath we take means more CO_2

Current emission rates ensure that air will not be fit for human survival, not so long from now

SUBHABRATA DAS

Carbon dioxide emissions (mn tonnes)

COUNTRIES	ACTUAL		ESTIMATE	
	1990	2005	2015	2030
UNITED STATES	4,832	5,789	6,392	6,891
CHINA	2,244	5,101	8,632	11,448
EUROPEAN UNION	4,084	3,944	4,011	4,176
INDIA	587	1,147	1,804	3,314
RUSSIA	2,189	1,528	1,802	1,973
JAPAN	1,057	1,210	1,291	1,182
REGIONS	**1990**	**2005**	**2015**	**2030**
WORLD	20,688	26,620	34,071	41,905
OECD (TOTAL)[A]	11,053	12,838	14,054	15,067
DEVELOPING ASIA	3,522	7,690	12,440	17,464
NORTH AMERICA	5,554	6,727	7,527	8,250
OECD (EUROPE)	3,936	4,047	4,216	4,493
TRANSITION ECONOMIES	4,017	2,538	2,988	3,230
OECD (PACIFIC)	1,563	2,064	2,311	2,323
MIDDLE EAST	586	1,238	1,794	2,464
SOUTH AMERICA	602	938	1,184	1,627
AFRICA	550	835	1,013	1,365

A: 30 members (developed countries) of Organisation for Economic Co-operation and Development
Source: World Energy Outlook, 2007, International Energy Agency

infrastructure sectors. "Stabilisation levels can be achieved by deploying technologies that are either currently available or expected to be commercialised in coming decades," said Rajendra Pachauri, this year's joint Nobel Peace Prize winner and chairman of IPCC in a presentation last month. "There is a paper from the Prime Minister's Office that is looking at technologies needed to mitigate GHG emissions," says TERI's Bhadwal. Concrete norms for industry, however, would help more.

Carpe Diem

There is growing talk of a carbon tax. But the government will have to stop subsidising diesel, benefits of which are going as much to private cars as to industrial transportation by diesel trucks. And while the carbon tax can be applied across all sectors, the question is how high it should be. "It has to be big enough to force down carbon emissions," says Shah. "Raise prices of petrol enough and the guy will bicycle to work!"

Getting UNFCCC to make developed countries pay for technology is another option for India. Lawrence Summers, former treasury secretary in the Clinton administration, recently said that 75 per cent of India's energy infrastructure for 2037 does not exist today while 75 per cent of the energy hardware of 2037 for OECD countries is already in place today. And here, there is room for flexibility. "The West has to pay a large fraction of India's capital cost of exercising this malleability option in a way that's good for the planet," says Shah.

An examination of India's emission patterns shows differential levels of emission in the country. Greenpeace India's report 'Hiding behind the poor', says there was a "growing schism of carbon emissions between the two Indias (rich and poor); the poor bearing the climate impact burden and camouflaging the other India's lifestyle choices."

The carbon footprint of 10 million Indians earning more than Rs 30,000 per month equalled the world average of 5 tonnes per capita in 2005 (see table 'Rich India On A Par With World Average' on page 55). "Since emissions are strongly linked to economic growth and standards of living, it will be important to ensure that the poor have the maximum 'environmental space' for their economic growth and livelihood security," says CSE's Roychoudhury.

Corporate India is doing its bit. The Tatas, for instance, are spending more on developing alternative sources such as solar energy. "Rural electrification using solar panels, for example, can reduce emissions and avoid transmission losses in distribution grids to make energy use more efficient," says Raju Bhinge, CEO of Tata Strategic Management Group.

Inaction is not without its costs either. Last year, a report on 'Economics of Climate Change' by a group commissioned by the UK's Chancellor of the Exchequer and headed by Sir Nicholas Stern, former chief economist of the World Bank, estimated the GDP loss to India from climate change to be as high as 9-13 per cent by 2100, compared to what could have been achieved in a world without climate change.

So, as India buttresses its claim to be a world power, it has the opportunity to accept greater responsibility in world affairs, and without making a big sacrifice. If India were to cap its emissions at 2004 levels, its GDP would continue to grow at a pace faster than any other country trying to do similar things (see 'Standing Still Will Make India And China Run' on page 56). Can we seize the day? ■

With inputs from Anup Jayaram and Baiju Kalesh

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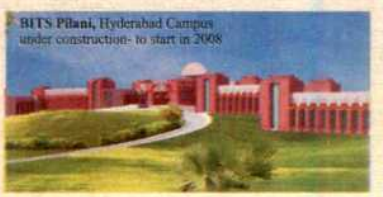

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Doron Levin is a columnist for Bloomberg News

GM must pick on housing too

The world's biggest automaker, General Motors, must cash in on the US housing debacle story for financial stability

GENERAL Motors probably thought nothing could be worse than poor quality ratings or a strike by the United Auto Workers (UAW) union. Now the world's biggest automaker has a new headache: a nationwide glut of unsold homes and plunging housing-related securities. With new vehicles such as the Chevrolet Malibu, Saturn Outlook and Cadillac CTS, GM is winning better reviews and gaining more consumer interest than it has in many years. The financial side of GM's business is another story.

On 7 November, GM reported a $39-billion third-quarter net loss as it wrote down future tax benefits the automaker believes it won't be able to use against future earnings, or more specifically, the lack of them. But even that ugly statistic wasn't the worst financial event to befall GM so far this year.

General Motor's 49 per cent interest in GMAC LLC, a diversified financial services company, has been arguably the most important reason for a 36 per cent slide in the shares since mid-October. Prior to the plunge, which coincided with UAW ratification of GM's new four-year labour contract, GM shares had soared 45 per cent since 1 January, making it the top performer in the Dow Jones Industrial Average.

The bitter irony for GM is that just two years ago its GMAC subsidiary was seen as a valuable, money-making asset that needed protection from GM's own dismal credit ratings. A key reason GM sold a majority stake in GMAC to a group led by Cerberus Capital Management LP last year was to insulate GMAC's credit ratings from GM's, and thereby to let GMAC borrow at more favourable interest rates. Some GMAC bonds had fallen since 2001, and the Cerberus buy helped lift them one grade.

But who saw how bad the housing debacle would become? GMAC, along with its automotive-lending unit, owns Residential Capital LLC. ResCap, as it's called, has stumbled just like so many other home lenders; it announced a rescue plan on 21 November that included its offer to buy back as much as $750 million of its debt securities trading at distressed prices. The confidence-building tactic of repurchasing some of ResCap's debt will cost GMAC some cash, though it should also improve earnings.

It's a stopgap measure at best. In the event that US residential real estate suffers a catastrophic collapse, ResCap might be forced to fold. Should that happen, GMAC may wish it had been tighter with its cash.

Eric Feldstein, GMAC's chief executive officer, has been stating the truism that not all mortgage finance companies with liquidity will emerge from the current crisis as winners, but all the winners surely will have liquidity. Besides buying back debt, GMAC also is conserving cash by converting some dividend-paying preferred shares held by GM and the Cerberus group to common stock. The trouble with the panic-stricken US housing market is that prices keep falling. House values dropped 4.5 per cent in the third quarter from a year earlier, the most since records began in 1988.

Fortunately for GM, ResCap's financial difficulties so far are limited to GMAC. GM says it has no obligation to provide more capital, though it hasn't ruled out an injection. Investors and ratings firms are watching GM's $30 billion of cash, an amount they think is sufficient to carry the automaker through the next few lean years it's expecting.

With the introduction of new models and improved earnings overseas, GM had prided itself the past year or so for at least staying ahead of the turnaround efforts of crosstown rival Ford Motor. Ford also has lost billions of dollars, and suffered from declining market share in the US. The positions now suddenly are reversed.

GM's improved performance in the US auto market has been welcome. Now the automaker sorely, and unexpectedly, needs a pickup in housing as well. ■

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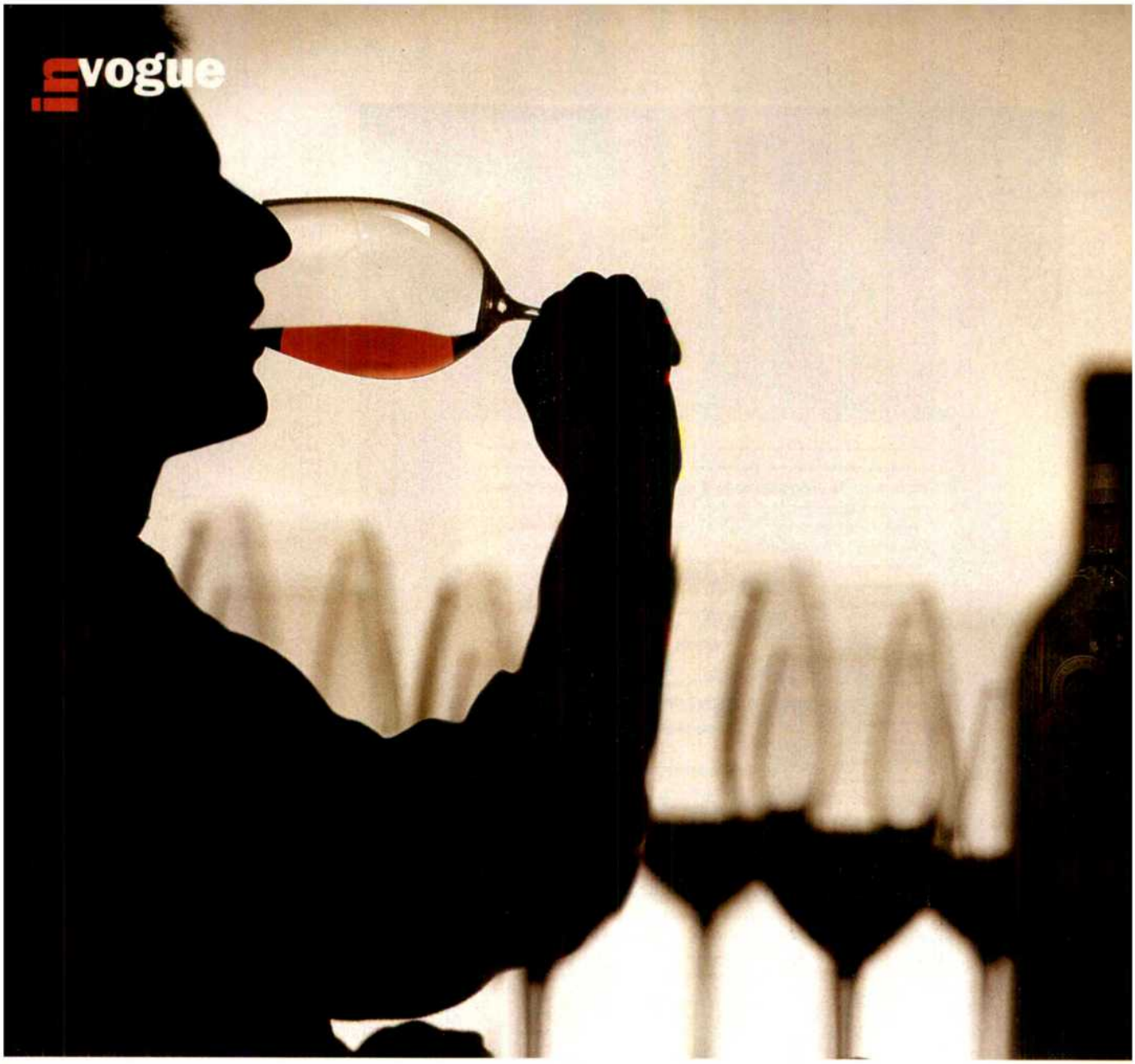


FEROZ AHMED

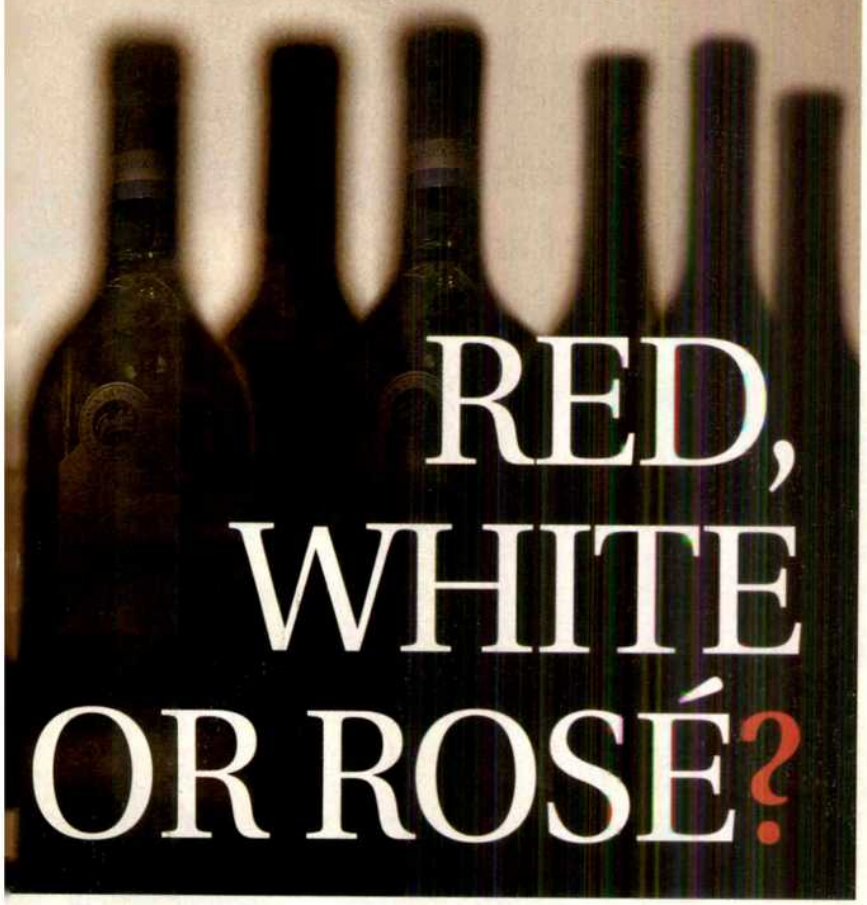
VADA-PAAV with wine may be bizarre for wine priests but such twists to wine consumption in Nashik, India's winery bowl, are a holy sign for wineheads with visions of an India swimming in wine. Sceptics dismiss the buzz about wine's rising consumption as a mere fad. However, wine faithfuls prophesise that wine shall inherit the bottle.

Industry statistics — which must be taken with a pinch of salt, warns wine importer Dharti Desai of Finewinemore — allow both sides to claim victory. According to Rajeev Samant, founder and CEO of Sula Vineyards, India's second-largest wine company, wine consumption in India has grown by 30 per cent a year for the past three years and it could sustain at 20 per cent for a decade. "At that growth rate, even at a small base, you cannot call it a fad," he contends.

It will be rather presumptuous for the wineheads to declare victory already. In 2007, the consumption of wine in India is estimated to reach about 850,000 cases of 12 bottles of 750 ml each. In comparison, beer would have sold more than 100 million cases and spirits about 95 million cases. Samant concedes that wine consumption will have to double every three years for about 13-14 years to reach a level of 10 per cent of the spirits market, which is growing slowly at a rate of 5 per cent a year. "That," he insists, "is a certainty."

However, Ashwin Deo, managing director of LVMH India, which markets high-end champagnes such as Moët & Chandon and assorted 'New World' wines, is not as optimistic as Samant. "While wine will become part of most people's drinking repertoire, it will not replace their staple drink," he says. "Wine will be a niche, occasion drink in India. I'd rather have a chilled beer in Delhi's summer afternoon than white wine or champagne." He believes India's wine market is more likely to go the way Japan's market went in the 1990s, when the consumption of wine peaked with a share of 7 per cent of the country's liquor market, despite consuming more media and conversation space than

Wine trickles down, from the elite to farmers, maybe even the other way around, but the fad is certainly catching on



RED, WHITE OR ROSÉ?

Sake or any other drink.

Samant, however, believes wine will do better in India than in Japan as India makes its own wine. The consumers' affinity with domestic wine will help its consumption go past 15-20 million cases a year, albeit in good time.

For this to become a reality, wine must become a mass drink. Apart from the oddball farmer and labourer who may slurp wine at a tax-free Rs-100-a-bottle in Maharashtra with his vada-paav, wine remains an elitist drink.

Try pronouncing these names of imported wines present on wine lists of some of the top hotels in India: Hans Lang Blanc De Noirs Spatburgunder or Ulrich Langguth Riesling Kabinett Piesporter Goldtropfchen. Desai, whose firm distributes these wines, concedes that a lot of people want to try these fine wines in restaurants and bars but end up ordering for wine as red or white or they opt for wines that have English names such as Jacob's Creek or Parker.

However, as Indians travel the world and the world comes to them through satellite television, they are breaking out of their settled habits and experimenting with food and drinks and, in the process, they are also picking up nuances of wine drinking.

Adriano Vences, food and beverage manager at Oberoi Delhi hotel, which is a favourite watering hole for the rich of Delhi, points out that The Oberoi patrons no longer ask for white or red wines. "People now ask for wines by the name of the source grapes, such as cabernet sauvignon, chardonnay, merlot, Riesling and so on," says Vences. "Particularly those who spend upwards of Rs 6,000 on a bottle, know their wine." As a result of the rising interest in wines, The Oberoi now sells about 90 bottles of wine a day compared to about 70 a year ago.

According to Sidhartha Banerjee, whose Kyndal India co-owns 30th Latitude brand with Flamingo Winery of Nashik, for wine to go mainstream, its home consumption has to grow. Currently, hotels and restaurants account for 85 per cent of wine consumption while only 15 per cent is consumed at home. "Women are the big untapped market for low-alcohol, taste-based drinks," he says. "If women could buy wine in grocery stores at an affordable price of Rs 300-600 a litre, it could become a family drink." Wine typically contains 10-14 per cent alcohol compared to about 40 per cent in various spirits.

Asif Adil, managing director of Diageo, the world's largest spirits company that markets Blossom Hill and Barton Gustier wines in India and recently launched an India-made wine Nilaya, sees the future of wine in India in supportive government policies. "Wine is percieved as a healthy drink, for some reason, and four of the eight states that account for 75 per cent of the country's spirits market — Haryana, Punjab, Maharashtra, and Karnataka — have allowed retailing of wines just like FMCG," he points out.

Desai of Finewinesmore, however, sounds a note of caution about the ongoing build-up of wine as a health drink. "Consumers should be guided, not misguided," she says. "If somebody doesn't have a healthy lifestyle, wine cannot make that person healthy."

Still, according to Amit Burman, chairman of Nature's Bounty Wines, which bottles and markets Australian wine under its own brand Casuarine Creek besides distributing imported wines such as Caltrasi, wine's perception as less harmful fun puts it ahead of spirits when it comes to women and young adults.

Fad or not, wine has the attention of tipplers and politicians for now. If a demand-pull fails wine at some stage, politicians would ensure supply push in the name of agriculture and health. Cheers to that. ■

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BROWSING

Sameer Nair,
CEO, NDTV Imagine

I am reading **BARBARIANS — AN ALTERNATIVE ROMAN HISTORY** by **TERRY JONES AND ALA ERIERA.** It takes a completely fresh approach to Roman history, revealing that most of those written off by Rome as uncivilised, savage and 'barbaric' were, in fact, organised, motivated, cultured and intelligent people.

My reading tastes are varied. I tend to read several books at the same time. At present, I am also reading a sociological treatise on Lenin, Stalin and Hitler, and a thrilling real-life book on the hunt for Pablo Escobar.

Bookstore browsing is my favourite way of finding new books. Bookstores are like a magnet to me. ■

ALERT

UNSUNG

By Anita Pratap & Mahesh Bhat (Mahesh Bhat Publishing)

The book celebrates the unknown Indians who have made extraordinary contributions to their communities — away from the glare and glitz of fame and fortune. These stories of nine people from across India tell us how we can beat all odds if we harness our inner resources. This book is a tribute to the vision, will, commitment and energy of ordinary citizens doing extraordinary work. *Unsung* throws light on a hidden India that exists away from the national clichés. ■

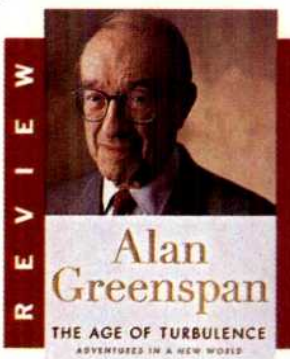
The underdog

SRIKANTH SRINIVAS

THROUGHOUT history, the power to create money lay with kings and sovereigns. Central banks inherited that power, endowed with the authority to consecrate, through fiat, the currency societies would accept and use. If the US Federal Reserve Board (the Fed) is like a religious institution, its chairman is the high priest who wields extraordinary powers. And no Fed chairman personified the mystique of intuitive decision making in recent memory as Alan Greenspan has.

Greenspan was appointed chairman of the Federal Reserve Board in 1987 by President Ronald Reagan. In fact, he had been considered for the job in 1983, but Wall Street prevailed and Paul Volcker was reappointed for a second term. In his book *Secrets of the Temple* published in 1987, William Greider wrote that 'Surrounded by independent-minded governors, the new chairman would be unable to dominate the Federal Reserve Board the way Volcker had through most of his tenure. For that matter, he would less be able to intimidate the politicians.' Over the next 20 years, Greenspan showed how wrong that impression was, going on to become one of the most influential chairmen since William McChesney Martin, who served from Harry Truman to Richard Nixon.

All of this made Greenspan's memoir, *The Age of Turbulence*, one of the most anticipated books of this young century. The book has two halves: the first is the rather standard autobiography and the second, reflections and ruminations of various economic issues that confront the world today: an area where Greenspan is most comfortable. For all its frankness — and it is very frank — the book is not as forthcoming about Greenspan himself. More than an autobiography, it reads like a biography of Alan Green-



THE AGE OF TURBULENCE

By Alan Greenspan

Penguin/Allen Lane

Pages: 544
Special price: Rs 695

SELECTION

Mathematics with tears

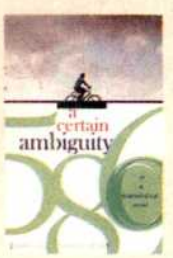
MATHEMATICS can be fiction. If you stress the two words in the middle, you will get the point the authors have made by working a thriller out of theorems. If you choose to stress the last word, you will have the idea on which they have pegged their plot.

Protagonist Ravi Kapoor's mathematician grandfather Vijay Sahni passes on to him, before dying, a passion for the subject that takes Ravi to Stanford for higher studies. There he learns that Sahni was jailed for blasphemy in a fictional New Jersey town; Sahni believed existence of God was not a self-evident truth like those he had found in Euclidean geometry. As Ravi reads the minutes of Sahni's discussion with a devout judge on divine and mathematical truths, he also takes a course on infinity.

A CERTAIN AMBIGUITY

A Mathematical Novel

By Gaurav Suri and Hartosh Singh Bal



Penguin

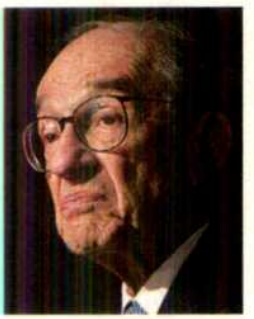
Pages: 281
Price: Rs 450

who made it big

span — by Alan Greenspan.

He was born in 1926, he went to school in Washington Heights in New York, and then to Columbia University. At Columbia, his graduate school adviser was Arthur Burns, who later became chairman of the Federal Reserve Board himself. In the 1950s, he was drawn to Ayn Rand, and her objectivist philosophy. He even authored an essay that proposed a return to the gold standard during those years. In his book, Greenspan pays tribute to Rand's influence on his thinking.

ALAN GREENSPAN was born in 1926 and grew up in New York City. He earned his PhD in Economics from New York University. In 1974, he became the Chair of the Council of Economic Advisers under President Gerald Ford. In 1987, President Ronald Reagan appointed him Chairman of the Federal Reserve Board, a position he held until his retirement in 2006.



Following in his stockbroker father's footsteps, Greenspan gravitated to Wall Street, where he ran a consulting and economic forecasting business. In 1968, an associate from the Ayn Rand years asked him to join Richard Nixon's 1968 presidential campaign. From 1974-77 he served as chairman of the Council of Economic Advisers in the Gerald Ford administration. 'He always understood what he knew and what he didn't know', Greenspan writes of President Ford, whom he admired as a decent politician and human being. He worked in every administration starting with Richard Nixon, except Jimmy Carter's.

The book ranks Bill Clinton a close second to Gerald Ford in Greenspan's estimation, never mind their ideological differences (Greenspan is a conservative Republican). Presidents Nixon, Reagan and Bush senior, all receive their share of criticism and praise. But current President George Bush gets no credit for anything; in speeches and appearances to promote his book, Greenspan has often been harshly critical of the present incumbent President.

He comes close to admitting he was influenced by political considerations: he was an influential supporter of the present administration's tax cuts that he now disowns. In the book, Greenspan admits that his powers as chairman were limited; that may not have been the way many Fed watchers may have seen it. Reading his lips, so to speak, was a full-time exercise in the media. His congressional testimony was parsed, taken apart and put back together in many ways in attempts to read his mind and get an insight into his thinking. It even went to absurd lengths when analysts tried to relate the bulkiness of his suitcase to whether there was going to be any policy action on interest rates. (His briefcase was often thick because of his packed lunch.)

Other reviewers and critics have pointed out differences between Greenspan's memory of events and those of others who were participants in those events. Greenspan himself acknowledges near the end of the book that he may have made some mistakes. 'There are errors in this book,' Greenspan writes. 'I do not know where they are. If I did, they wouldn't be there. But with two hundred thousand words, my probabilistic mind tells me some are wrong. My apologies in advance.'

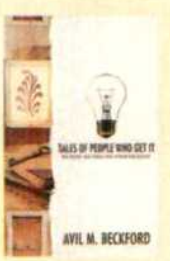
For all that, the book is an entertaining and informative read, written by a man who has been at the centre of several important moments in the history of the US, and whose reputation and respect extend beyond the shores of his country. As he himself put it, 'after years of talking "Fedspeak" in carefully calibrated congressional testimony — I could finally use my own voice!' Something that all of us have waited for. ■

The judge-Sahni theme rises in a breathless perpendicular thrust just as Ravi makes his slow, searching way up a hypotenuse of interesting discoveries. Both the strands meet at a climactic top, forming a right-angled triangle based on history of mathematics told through fictional memoirs of mathematicians from Euclid to Bhaskara to Godel. Over this thematic triangle looms the question whether absolute certainty is possible in mathematics or life.

It's a page-turner, and some of you may have to turn them faster at places where cataracts of numbers wash off the words. This wide-eyed look at math restores our sense of wonder, and that's how it works for jaded, number-crunching souls. ■

DHARMINDER KUMAR

Help yourself, please



THERE is no dearth of self-help ramble in modern literature. Everyone, from 'spiritualists' to management gurus, has tried his hand at it. Often, they even get read. It is just one of those innumerable unsolved mysteries of life.

Here we have *Tales of People Who Get It — Real People! Real Stories! Real Wisdom! Real Success!* (Lulu Enterprises) by Avil M. Beckford. The author, also the president of Ambeck Enterprise, presents a compilation of experiences of successful people from all walks of life and the lessons that they learnt on their journey to success.

This rather simplistic approach might have worked had Beckford shown some discretion in selecting her interviewees. It might have also worked had she shown some discretion in selecting her editors. At least then, the reader would have been spared the childish language and the embarrassing grammatical errors.

A 'lesson learnt' from one of the stories was, 'Don't take no for an answer'. Really inspiring. Only if it hadn't been said a million times already. ■

JAYANT SINGH

BW partner event

THE WORLD DEBATES INDIA'S FUTURE

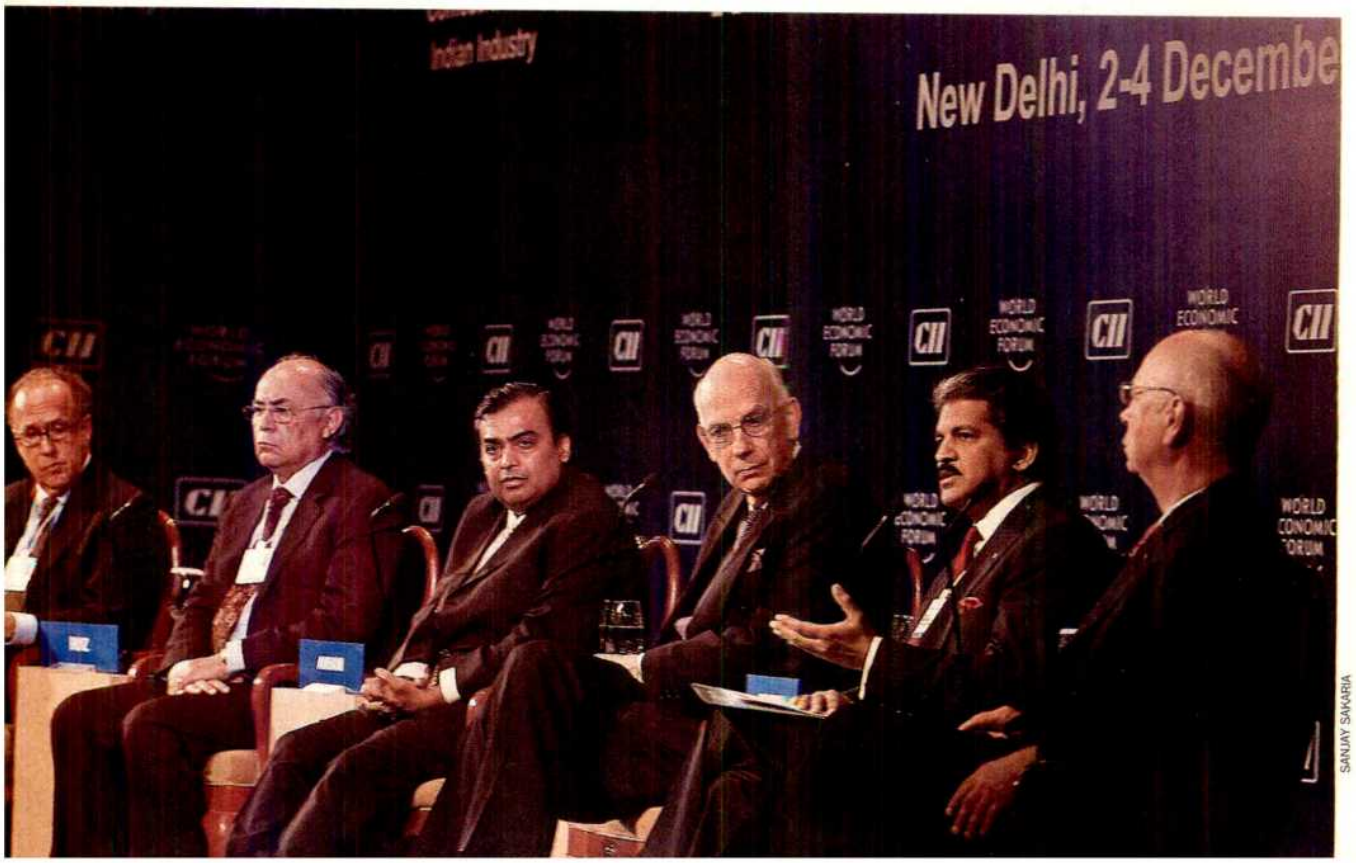
The 23rd India Economic Summit took place in New Delhi from 2-4 December. Following are the key highlights of the event

FROM L TO R: Stephen S. Roach, chairman (Asia), Morgan Stanley; Hector de J. Ruiz, chairman and CEO, AMD; Mukesh Ambani, chairman and managing director, Reliance Industries; Robert F. Bennett, Senator, Utah; Anand G. Mahindra, vice-chairman and managing director, Mahindra & Mahindra; Klaus Schwab, founder and executive chairman, WEF

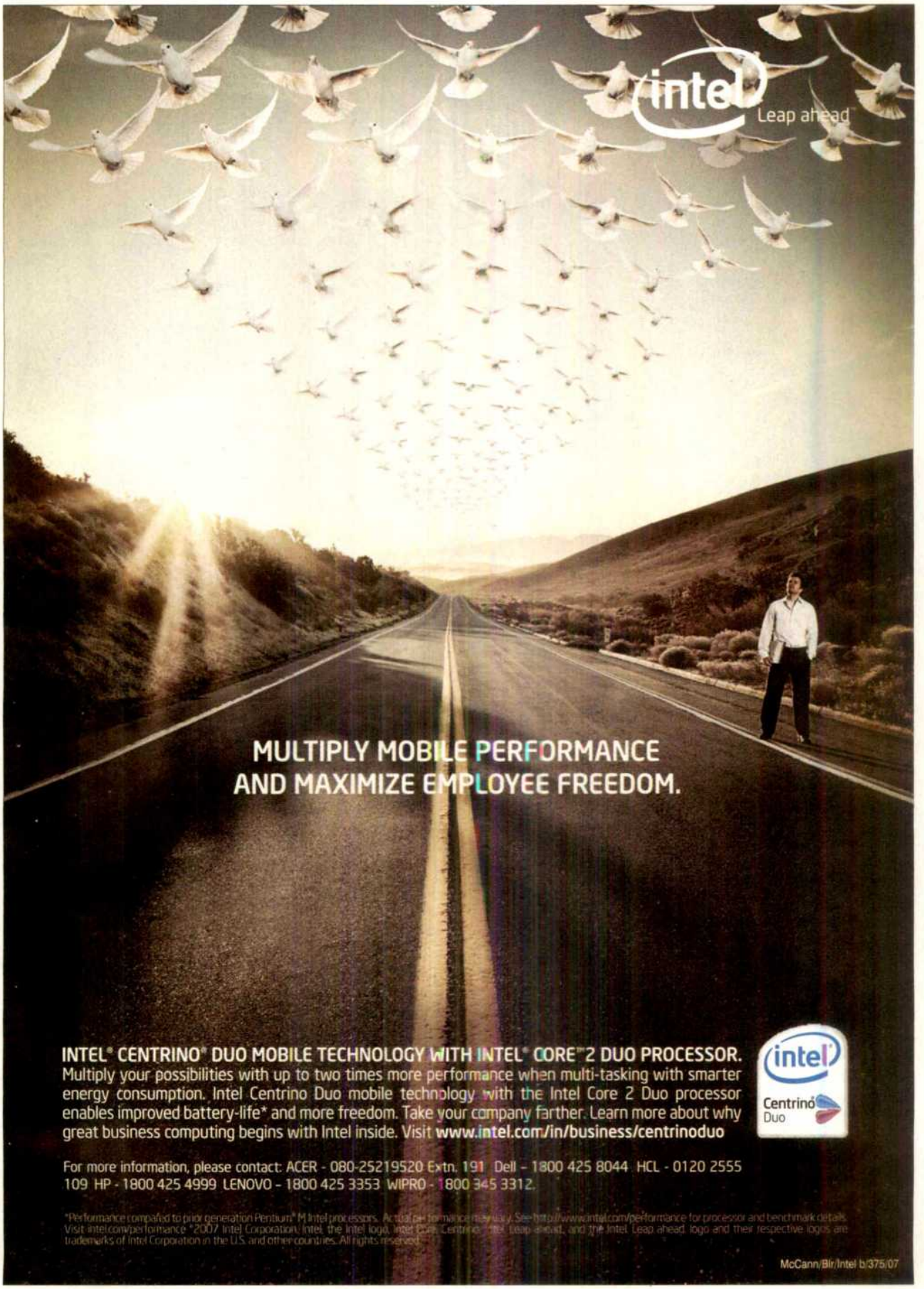
THE Taj Palace Hotel in the capital came close to representing the nerve centre of Indian economic activity between 2 and 4 December as the venue of the India Economic Summit, jointly organised by the World Economic Forum and the Confederation of Indian Industry. It was a gathering where the country's leading businessmen, economists, policy makers and political leaders came together to take stock and discuss India's economic future. The presence of more than 600 participants from around 40 countries was a constant reminder of the fact that not only does the world have its eyes trained on India, but that it also wants to have a say in the way its future is moulded.

With an average growth rate of 8.6 per cent over the past three years, India became a trillion-dollar economy earlier this year, and according to a PricewaterhouseCoopers report it might become the largest economy by the middle of the century. So, the interest in India is inevitable. But P. Chidambaram, the minister for finance put this interest in perspective. "The drivers of growth seem to have moved from the developed world to the developing world," he said in 'The Shifting Power Equation' session. But he added, "That does not mean that economic power has shifted." Speaking at the opening plenary, Mukesh Ambani, chairman and managing director, Reliance Industries, echoed similar thoughts, saying that the new century has seen the context of international relations being shifted from geo-politics to geo-economics.

So what will make India a global economic power? According to a survey conducted during the summit, the very first steps would involve improving governance, reducing corruption, skilling the workforce, upgrading



SANJAY SAKARIA



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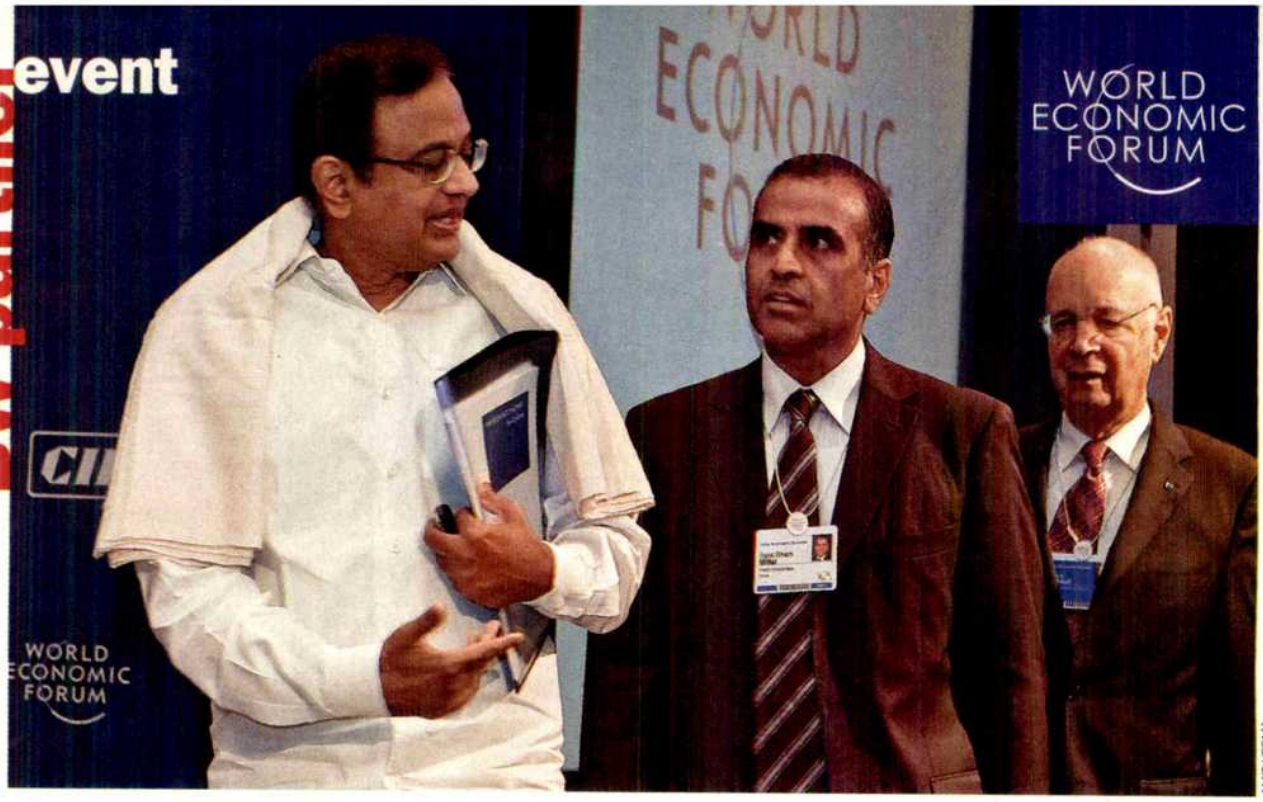

AMIT VERMA

▲ From L to R: Palaniappan Chidambaram, minister for finance, India; Sunil Bharti Mittal, chairman and group chief executive officer, Bharti Enterprises; Klaus Schwab, founder and executive chairman, WEF

education, and checking environmental degradation and water scarcity. With the tone being set by the release of the WEF's Global Risk Network and the CII's India@Risk 2007 report, which highlighted the six key risks facing India (see Ten Hurdles To 10% Growth, *BW* 10 Dec 2007), the parallel as well as plenary sessions focussed on how to mitigate these risks.

Concerns Over The Rising Rupee

The steady appreciation of the rupee seems to have set off alarm bells in many quarters of the economy, not least of all exports. Predicting that the rupee could appreciate to 30 to the dollar in the next few years, Gerard Lyons, chief economist and group head of Global Research at Standard Chartered said that the rupee's rise needs to be seen in the context of India's long-term growth potential. According to him, though India's economic growth has been very impressive, it will become more volatile.

Rahul Bajaj, chairman of Bajaj Auto said that the rise in the rupee has translated into losses for manufacturing, services and agricultural sectors and to overcome these, while the Indian industry needs to be more competitive, it is also incumbent on the government to intervene. Both Bajaj and Lyons said that the country is seriously being let down by its infrastructure and bureaucracy and the government needs to step in to enable the country to be more competitive. Lyons pointed out that in a recent survey of global competitiveness, India had slipped from 42 to 48 in a ranking of 131 economies, while China had climbed from 35 to 34.

Regulatory And Infrastructure Bottlenecks

Emergence of India as a Centre of Excellence and Mumbai as an international financial centre was also on the discussion board. The more optimistic voices were represented by Tarun Jotwani, chairman and managing director of Lehman Brothers, India, who said the city has all the natural advantages to become an international financial centre. He was joined by Rajnikant Patel, chairman and managing director of the Bombay Stock Exchange, who was optimistic about financial regulations evolving to international standards.

It was generally agreed that India needs to have a well-developed equity, bond, currency and commodities markets to make Mumbai an international financial centre. Doing away with equity restrictions in banks and giving more control to bank managers for lending purposes will also be a prerequisite for India to be an international finance centre said Hani Lazkani, head of International Private Equity, Olayan Europe, United Kingdom.

Besides the required regulatory reforms, lack of adequate infrastructure was seen as a major stumbling block in the creation of centres of excellence within the country, which according to Nandan Nilekani, executive co-chairman of Infosys Technologies are the "visible signs of progress and important role models for a country". According to Stephen J Rohleder, Chief Operating Officer, Accenture, the key components for success in building Centres of Excellence are "the establishment of human capital, the ability to have an educated base, reliable infrastructure, stable public policy, entrepreneurial spirit and the ability to secure and sustain financial capital". While India had succeeded in building a functional democracy, it has, so far, failed at the seemingly easier task of building roads and other infrastructure, said Nilekani.

Regulatory and infrastructural reforms were also seen as the most important constituent to building a supply chain in India, especially from rural India. A point that was underscored by many, including Adi Godrej, chairman of the

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WORLD ECONOMIC FORUM

AMIT VERMA

From L to R: T.N. Ninan, editor, Business Standard; Suman Bery, director-general, NCAER; Rahul Bajaj, chairman, Bajaj Auto; B. Ramalinga Raju, founder and chairman, Satyam Computer Services; Gerard Lyons, global head, Standard Chartered

Godrej Group and Atul Singh, president and CEO of Coca-Cola India among others.

Lack of Skilled Labour

Lack of skilled labour emerged as one of the key issues with several speakers pointing out that Indian economy could suffer because of it. Sunil Bharti Mittal, chairman and group chief executive officer of Bharti Enterprises and president of CII chose to underplay this concern by saying that India has the potential to meet the severe skilled manpower shortage. According to him, the demand-supply mismatch is temporary and the country, besides meeting domestic demand, could be exporting skilled labour.

But for us to reach that stage, we need huge investments and fundamental reforms in the country's educational system, said Shiv Nadar the founder, chairman and chief strategy officer of HCL. Speaking in a session on 'Soft Infrastructure: What are the Skill Sets for Success in India' he argued that institutions imparting technical education must be allowed to frame their own fee structure as well as curriculum.

Soumen Basu the executive chairman of Manpower Services pointed out that at the moment, 97 per cent of potential working population is without any technical qualification. While suggesting that there is no need of higher education for everybody and the emphasis should be given on providing vocational education immediately after higher secondary education, J. Frank Brown, dean at INSEAD, France, also said that the private sector must step in to fill this gap in the Indian educational system. The general consensus was that these steps have to be taken, if India has to fully reap the benefits of its impending demographic dividend.

How to understand, reach and harness the growing middle classes as both potential consumers as well as participants in the booming economy was another area of deliberation. Two issues that seemed to demand more attention were that of climate change (especially in the context of the Bali meet) and the need to improve India's technological competitiveness. Technological innovation is a key driver of economic growth and is, as Balvinder S. Kalsi, president and CEO of DuPont India pointed out, much needed for increased food production and the drive for renewable energy and material.

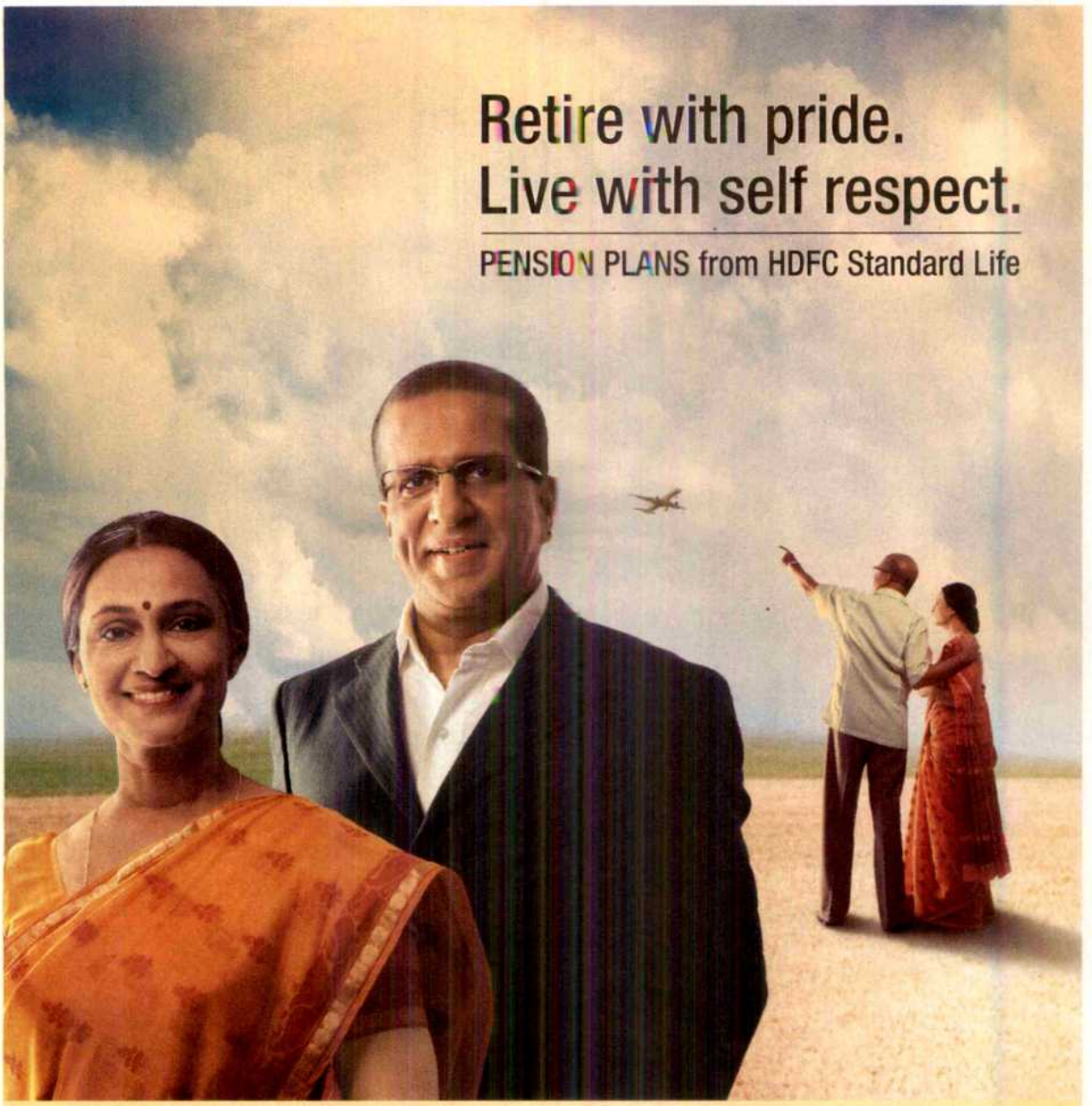
Minister of Commerce and Industry, Kamal Nath was convinced that the challenge before India is not one of identifying the 'path of growth' but the 'management of economic growth' and Anand Mahindra, vice-chairman and managing director of Mahindra & Mahindra reaffirmed his faith in the 3D advantages of India — Democracy, Demography and Durability. While agreed upon what needed to be done, the participants did have differences over the 'how' questions, even though they spoke the politically correct language that is the norm at such fora. ■

"International organisations like the UN and the G8 that we have all grown up with don't work anymore."

— Madeline Albright
Principal, The Albright Group

"The idea that Asia has 'miraculously' decoupled from the US consumer is misleading."

— Stephen S. Roach
Chairman (Asia), Morgan Stanley



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INFOCOM 2007

▲ GUESTS OF HONOUR: (Starting Left) R. Damodar Reddy, minister for IT, government of Andhra Pradesh; B. Ramalinga Raju, founder and chairman, Satyam Computer Services; D.D. Purkayastha, CEO, Ananda Bazaar Patrika and Debesh Das, minister for IT, government of West Bengal

THE global IT services industry is worth between $300 billion and many trillion dollars according to various agencies. That's a wide variance. But what's not in question is that the impact that the industry has can be felt in every aspect of our lives from business to global economies to homes to schools and even entertainment and leisure.

With so much riding on the productivity of the IT services industry, *BW* organised a four-day event in Hyderabad to examine areas that were both enabling and challenging to India's IT services industry. Infocom 2007 — the sixth edition of Infocom and the first outside Kolkata — focused on the theme of 'creating service excellence through Information and Communication Technologies (ICT)'.

As many as 25 panel discussions

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V. Thulasidas, chairman and managing director, Air India

were organised around topics ranging from combating the rising rupee to tackling high employee attrition. The Infocom Future Leader Awards — for an open paper-writing contest with participation from scores of international business schools — were presented for the second time.

Rising Against The Rupee

With pressure growing on IT companies to deliver despite lower overseas earnings, solutions were at the centre of the discussion on combating a rising rupee. Abhi Shah, CEO of the Clutch Group, said there was no need to panic. "The service industry will emerge from this problem," said Shah. "However, some tough choices need to be made to get there". He said that company executives must train in contract renegotiation skills.

Akash Moondhra of Baring Private Equity partners had more advice: "Have your price and cost in the same currency, reduce downtime, increase operational efficiency, innovate constantly and move work to tier II and tier III cities."

Ashish Taneja, CEO of Vertex India, said that Indian companies must look to markets other than the US, so that earnings were not dependent on a single currency. The other panellists agreed with Taneja but admitted that this would be difficult since the largest demand for Indian IT services came from the US.

The War For Talent

Considering rising human resource costs, the session on finding talent in the digital age was well-attended. The speakers felt that much of the problem was due to a mismatch between the skills being generated by India's education system and skills required by the IT industry. They estimated that only 10-15 per cent of Indian university graduates are currently globally employable.

Raghuveer Sakuru, managing director of Kenexa Technologies, suggested employing individuals irrespective of academic qualifications. "Just because someone graduated from a non-engineering course, doesn't mean that they cannot write code," he said. "Many youngsters are self-taught and have the right experience."

Other solutions discussed included hiring people with values similar to the company, assigning them to the right tasks, giving them work that utilised their strengths and keeping them technically updated. They added that companies must figure out why people stay in a job and then strengthen these aspects of work environments.

The More The Better

In a related panel discussion on human resources, panellists talked

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DISPLAYING THEIR WARES: Exhibitor stalls at Infocom 2007

of 'COINs'. COINs stands for Collaborative Innovation Networks. In other words, it means that getting a diverse set of people to look at a problem brings more innovative solutions than if they were looked at from a single perspective. "Collaboration ensures a fresh influx of ideas," said A.S. Viswanathan, executive vice-president of Siemens Information Systems. "The IT and biotech industries, for example, collaborated to serve the field of genomics."

"Innovation today is more about ecosystem management and sharing of intellectual property to bring new benefits to customers," said Farzana Haque, head of TCS's retail group. She presented the example of how Netflix, an online DVD rental store, was sharing DVD rental trends with major movie production houses to help the latter improve distribution returns from film releases.

The panel agreed that India's education system needed to incorporate more inter-disciplinary programmes. "In India this is critical as the current education system only creates doers," said Partha Iyengar, vice-president and research director of Gartner Research, India. "However, the creativity we require needs to be nurtured through inter-disciplinary programmes."

Building Better With IT

Smart homes are not new. But technologies such as motion detecting lights or biometric scan-enabled security doors are underutilised in India, particularly due to the high costs. Aman Kapoor, the COO of real estate development conglomerate, Emaar MGF, believes the trend is changing. "The tenant patterns in buildings are shifting from fragmented ownership to institutional ownership," he said. "People now look at buildings as an investment which operates cost-effectively and delivers returns."

Guru Malladi, head of IT advisory services at Ernst & Young agreed. "The use of IT in infrastructure must focus on areas that have a business or economic impact," said Malladi. "Advanced systems allow for better building management and lower costs and environmental impact," says Kapoor. IT systems could help make areas such as safety, access, lighting, air conditioning, lifts, energy and internal communications far more efficient.

FROM WAY UP: A panel discusses the advent of direct-to-home broadcasting in the eastern hemisphere at SatCom 2007, a special track on the satellite industry

Cutting Costs At 30,000 Feet

Day three of Infocom kicked off with a panel discussion on

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PROMOTION

'Zero Failure' is critical for data center operations

Ramesh K V, Regional Manager, Workplace Resources, Asia South, India Global Labs & DC Services, Asia Pacific, Sun Microsystems

When you think of a data center, do you picture a freezing room with endless cables, harried-looking system administrators and multiple computers? Thankfully, this is no longer the case. Data centers have evolved into compact set-ups with standardised equipment, designed for intelligent use of space, power, cooling, security and management. On the business front too, they have gone from back-end cost centers to individual units that are responsible for adding to the bottom-line.

Welcome to APC-MGE's cutting-edge solutions at Sun Microsystems' data center premises in Bangalore. The room is no longer freezing, the cables are now invisible, and nobody appears harassed. Everything as a matter of fact, now appears neat and efficient for business continuity.

The Challenges

The challenge for a fail-proof data center is to ensure maximum uptime within the given infrastructure while ensuring optimal use of resources. This is especially critical in the case of companies with an international clientele and a 24x7 operation setup, like Sun Microsystems.

"Basically, we were running out of space, power and cooling. And of course, we had to work within the available boundaries, we were on a leased site and in Bangalore, where on an average, there are four power outages. We had to ensure that our business keeps running. We decommissioned our old equipment. But in the end, we had to look at a more efficient data center solution, based on our standards," explains Mr. Ramesh K V, Regional Manager, Workplace Resources, Asia South, India Global Labs & DC Services, Asia Pacific, Sun Microsystems, about why they opted to set up a brand new data center.

The challenge for a data center is to ensure maximum uptime within the given infrastructure while ensuring optimal use of resources

But just about any oversized equipment would not do for their needs. "We look at ecology and economics. We want to do what is right for the environment, yet it must make business sense. With our infrastructure, we could go green by running an efficient center. Intelligently designed data centers also meant that our equipment life would increase," he adds.

The Criteria

"Availability is mission critical. We cannot afford downtime. With the power situation in Bangalore, we risk schedule slips if we don't have a high availability data center. Schedule slips directly impact revenue. The equipment count was increasing as well as the power load and heat. With so many different business units operating from Bangalore site, we don't have any option but to have maximum uptime," explains Mr. Ramesh.

Other than maximum uptime, the new data center had to be scalable and flexible. Most importantly, it had to be up and running in the shortest possible time to ensure zero breaks in schedules. What Sun needed was a set-up that would use space economically and shrewdly use power and cooling. A set-up that would give them ease of management and top-level security for the all-important data center. The preference, therefore, was for one solution that would take care of all their data center needs.

The Solution

Growing far beyond its original focus on UPS solutions, APC-MGE, in the last few years, has emerged as a pioneer in providing state-of-the-art data centers, with all standardised equipment. What Sun Microsystems did was to simply opt for their tailor-made Efficient Enterprise solution that would take care of all its needs.

Like Mr. Ramesh pointed out, the demand for high density drives for better efficiency. And when it is something as critical as the data center, it cannot be anything less than the best. Flexibility, scalability and competence are the three things one cannot compromise on.

"We were looking for simplicity, cost and efficiency and we got all of that with APC-MGE. We worked directly with them and the result was an efficient, agile, smart and scalable data center. We even managed to save space. The system is intelligent enough to supply the right cooling and power. Infact, with the new data center we are saving about 17 per cent on our power bills," says Mr. Ramesh.

In the nonstop world of IT, any hitch means losing out on precious time, setting back of deadlines affecting bottom-lines, and that is where an efficient data center emerges as the key differentiator.

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▲ IFLA 2007 WINNERS: Manisha Bokade (IIM-B), Miguel Monforte Nicolas (Spain), Priyanka Balasubramanian (IIM-B), Marion Descottes (Spain), Anirudh Roy Popli (IIM-B) and Catharina Van Delden (Germany). Not present: Sreekrishna Sankar (IIM-B)

challenges facing the airline industry. V. Tulasidas, chairman and managing director of Air India, said that India's airline industry was still small but serious problems already threatened customer satisfaction. He added that while Indian IT companies have helped several global airlines cut costs and improve services, they haven't yet started to work on the same scale as Indian companies.

His deputy, Sridhar Phatke, who heads IT for Air India, said that IT could help streamline operations in areas such as marketing, sales, customer services, maintenance, finance, human resources and in-flight and on-ground operations.

Olivier Houri, global head of aviation at Unisys, felt that while the future of Indian aviation was bright, airlines must focus on product differentiation and customer satisfaction and must go on a war footing to train and develop manpower.

Wanted: Future Global Leaders

A special award ceremony was held to honour winners of Infocom's International Future Leaders Award. The IFLA is an annual business paper writing competition for management students from around the world. The theme for this year's event was 'Innovations driving service excellence'.

Marion Descottes from the Instituto De Empressa, Spain, won for her paper on how mobile technology can be used to improve the accessibility to treatment of HIV/AIDS-affected people accessed treatment. Catharina Van Delden of the Technical University of Munich came second. The next four winners, all from IIM Bangalore, were Sreekrishna Sankar, Anirudh Roy Popli, Priyanka Balasubramaniam and Manisha Bokade.

Eyes In The Sky

A special track on satellite communications (SatCom 2007) was held parallel to Infocom. Professor U.R. Rao, former chairman of the Indian Space Research Organisation, spoke about how India's 11 satellites (with 210 transponders) already in orbit, has significantly impacted areas such as education, telemedicine, research, government services and information sharing.

Online Governance

Discussions around the challenges and successes of e-governance dominated the final day of Infocom 2007. Satchidananda S. Sogala, head of risk solutions and research at Hewlett Packard, said that e-delivery of important social services would only be successful if done through a public-private partnership model. G.V. Subrahmanyam the executive director of performance improvement at PricewaterhouseCoopers India, said that e-delivery service platforms were already deployed across India and, so, public acceptance was satisfactory. Deepak Bhardwaj, director of corporate relations at Texas Instruments, shared several examples of successful e-governance models in India and abroad. ■

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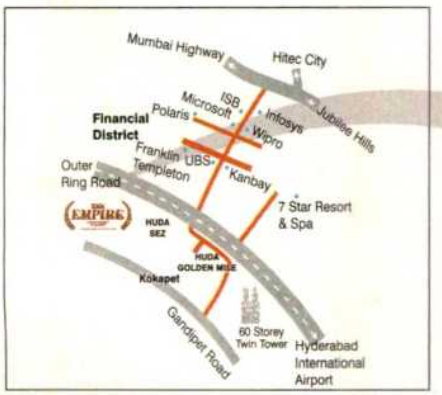

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Paranoid crusader

AMBUMANI Ramadoss is one of Manmohan Singh's high-profile ministers. He has used his crusades against tobacco and Dr Venugopal, director of All India Institute of Medical Sciences, to make headlines. He has banned smoking in films and tobacco advertising. It is only a matter of time before he gets a bill through Parliament that will enable him to dismiss Dr Venugopal. Other ministers envy his daring and his success.

So it was a surprise to discover that he is a deeply frustrated man. Last week he went back to his home town, Chennai, and admitted that he had been able to achieve only 1 per cent of what he had set out to. He rued the fact that he could not simply make a law by putting his signature on it, like emperors of old. He wants to give powers to school headmasters and bus drivers to punish smokers. He wants to raise the fine for smoking in public from Rs 200 to Rs 2000. He dreams of smoke-free Mumbai, Delhi and Tamil Nadu. It would not be too unfair to infer that he is obsessed with tobacco. He disclosed that his move to put warning messages on cigarette packets was opposed by four chief ministers and 150 members of Parliament.

Ramadoss's crusade against tobacco companies is so ham-handed that it will earn him a lot of curses without stopping anyone from smoking

AP

Many will have sympathy with the minister and, like him, suspect that all those chief ministers and MPs were bribed by tobacco companies. However, one does not have to be a chain smoker to see that a chief minister or an MP may find it politically correct, if not unavoidable, to resist Ramadoss's crusade against tobacco. Tobacco is an important crop in Gujarat, Maharashtra, Andhra Pradesh and Karnataka; it is enormously more lucrative than alternative crops that farmers can grow in its place. Thousands of little shops sell cigarettes. It would be irrational if politicians representing tobacco farmers and *panwallahs* were to ignore their interests and support a ban on tobacco. To assume that because they defended their constituents' interests, they must have been bribed by tobacco companies not only shows paranoia, but does injustice to opponents of Ramadoss's views.

Some may see in this the triumph of sordid self-interest over public good. Regrettable as that may be, it is perfectly normal in politics. Almost all countries tolerate alcohol, another harmful addiction, because popular enjoyment of it far exceeds outrage at its ill-effects. When governments go to war, it is usually with strong popular support. If Ramadoss expects to get rid of tobacco without convincing a majority of the people, he is asking to be defeated. He has got warning messages put on cigarette packets. He had better not ask how many people have stopped smoking as a result; the answer may make him want to kill himself. In his own eyes, Ramadoss may have done enormous favours to the nation; but those who have noticed his bans would only laugh at his naïveté. Compulsion, even in people's own good, is unlikely to work. Ramadoss has to persuade the people.

If the figures he gave are correct, he is unlikely to persuade anyone. He said that a quarter of India's people smoked, and that 10 million died every year of tobacco-related ailments. Some 100 million people die in India every year; so less than a tenth of them die because of smoking. If smokers constitute a quarter of the living and a tenth of the dying, smoking is the wonder drug for longevity. That, of course, is not true; tobacco probably contributes to or hastens many deaths not attributed to it. Ramadoss is just ignorant of statistics.

He can also be accused of disingenuity. He inveighs against cigarette manufacturers, and accuses them of bribery. But he is silent about *biri* manufacturers, who inject four times as much smoke into consumers' lungs as cigarette makers. Perhaps he is being politically correct, for millions of poor tribals survive on collecting *biri* leaves in forests, and the *biri* industry employs far more people than the cigarette industry.

Other governments also try to reduce tobacco consumption. But they do not wage a moral war against tobacco; they are concerned with the medical costs that tobacco-related diseases impose on a population — costs that are paid by the governments where they run a public health system. They do not try to scare people with horrifying pictures of people mutilated by cancer. They simply publicise the correlation of smoking and cancer; the ubiquity of cancer in advanced countries does the rest of the work for the governments. If Ramadoss wants to be effective, and not just self-righteous, he should repeal all the tobacco-related bans he is responsible for. He should give publicity to the correlation between tobacco and specific diseases. It will not enshrine Ramadoss in public memory; but it may stop a few miserable deaths. ■

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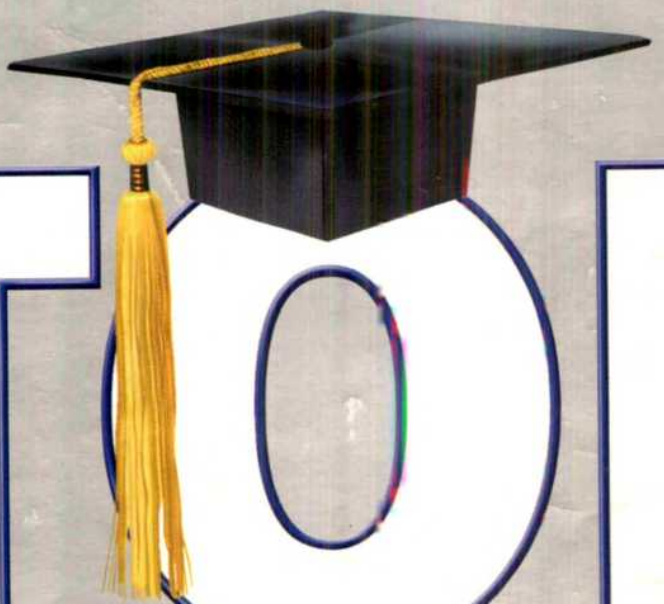

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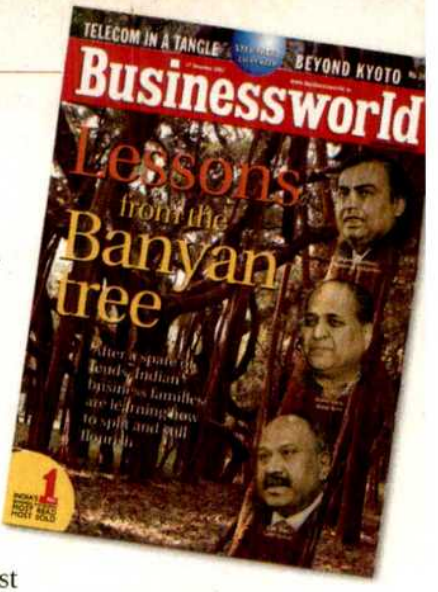
Feuding Families



❑ 'Lessons From The Banyan Tree' (*BW*, 17 December 2007) on family feuds of large business houses was an interesting article. Family businesses are coming into the limelight due to the Ambanis and Bajajs. My research in '*Causes of conflict and conflict management strategies of Indian family businesses*', shows that 70 per cent of family businesses are privately held companies and their financial, operational and family details are not privy to public eyes. Post liberalisation, there is more awareness about global business opportunities and challenges compared to a decade ago. Also, there is consciousness emerging to professionalise their businesses. With the entry of younger generations in the business, dividing the business is gaining acceptance and less frowned upon. It will be interesting to read an article on privately held (small and medium sized) family businesses, too, which are the backbone of corporate India.

Mita Dixit, *via e-mail*

POLITICAL INCORRECTNESS

In reference to your article, 'The Lure Of Modi', (*BW*, 17 December 2007), it seems that morality and ethics have no place in this election. In any other civilised, democratic country, a politician against whom allegations of mass murder were levelled would never spend another day in office. In fact, after the riots, the US denied Modi a visa to visit — such was their revulsion. The only reason Modi is not in court or jail is because the other politicians, too, have such chequered pasts. The voters, our judiciary, executive and free press will be mocked, for letting him hold office despite knowing better.

Piyush Manjrekar, *via e-mail*

RETAIL LENDING

All private banks went crazy lending to retail borrowers('Is Retail The Culprit?', *BW*, 17 December 2007), due to the margins in the segment vis-à-vis corporate lending, forgetting the risk involved in it. To add to it, RBI's recent ruling against the lenders has been taken in wrong spirit by retail borrowers who are taking undue advantage of the situation. So, it is better to act smartly.

Bal Govind, *via e-mail*

LACK OF THOUGHT

That advertising ('Think Again', *BW*, 17 December 2007) is a gamble where the bets are getting bigger, is a fact that cannot be ignored, with the lack of fresh ideas and deteriorating creativity. Lack of pay, like in any other crumbling industry, has been cited as a possible reason. That seems more like an excuse.

InsiyaGarari, *via e-mail*

The letters have been edited for brevity.

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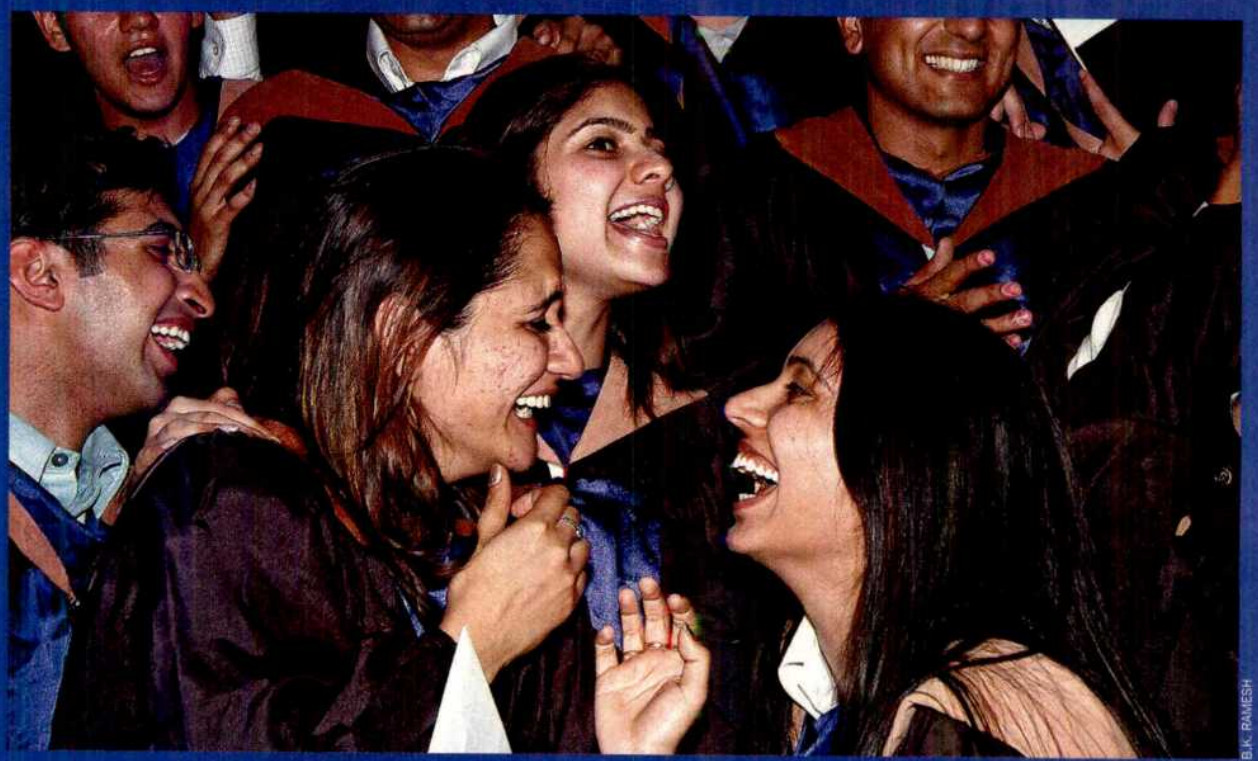

B.K. RAMESH

COVER STORY 25 | India's Top B-schools

The BW-GfK-Mode B-school Survey 2007 throws up some regular, expected results, and some that take you completely by surprise. With 96 schools listed, the survey is more comprehensive than any.

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BW Online

- **Banking on gold:** Cashing in on its popularity as an investment option, Indian banks are getting into retailing gold coins, reports Sanjitha Rao Chaini.
- **Emu On Your Table:** This Christmas, many a dinner table will see the roast chicken being replaced by the ostrich's cousin, the emu, says Reena Martins.

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Rankings à la carte

IN this season of common admission tests for business schools, the question on top of prospective students' minds would be, how much does which business school you get into matter? How much do rankings matter?

Some students know where they want to go: for them, there are no compromises, which means only the best, or none at all. For others, the career opportunities in India's rapidly growing economy for a B-school graduate are tremendous, so just getting into one is all that matters. And then there is a large undecided middle, looking for guidance and tools with which to make an informed decision about school choice.

For them — in fact, for anyone looking for information about India's business schools — the BW-GfK-Mode B-school Survey 2007 could be a good place to start. This survey seeks to address several objectives. The process aims to provide you with the best information available to make an intelligent decision about which schools you should consider. Making that decision is not as straightforward as you might hope, as colleges market their programmes well.

Rankings can often be like beauty contests that provide a subjective estimate of quality; they depend on the type of questions and parameters assessed. This survey is designed to take out a large part of that subjectivity through its methodology. It identifies attributes that are important to you as an individual; using this survey should help you find the school that is best suited to your needs. In that, the *BW* survey is the most comprehensive. All too often, the separation between two successive ranking schools is wafer-thin. So we have a tiered ranking, dividing the schools into A+, A and A-.

It is also said — and with a large degree of truth — that education begins once you have left school. Learning continues through working life, and there are new skills and new knowledge that are being created all the time. So for those of you who already have careers and are thinking about going back to school, this survey is for you, too. Our correspondents flesh out the experiences of aspiring students, those who have finished business school, and those returning to it to give you a sense of the landscape.

Srikanth Srinivas, Deputy Editor

POLITICS

Why not call the Left's bluff?

IT is high time the Congress called the Left parties' bluff. On 9 December, talking to CPI (M) Delhi unit, the party's general-secretary Prakash Karat once again threatened mid-term polls if the Manmohan Singh-led government continued to push forward the civilian nuclear deal with the US by engaging in talks with the International Atomic Energy Agency beyond December. Karat did not want to pull the rug immediately out of fear that the BJP would stand to gain in the Gujarat assembly elections.

For the Congress, the outburst must have hardly come as a surprise. It was evident from the fact that senior Congress leaders did not make any serious attempts to pacify the Left. Veteran strategists such as Pranab Mukherjee have made several failed attempts in the past to mollify the Left's rigid stance on the nuclear deal.

It is not just the nuclear deal where the Left has dug its heels deep, but a host of other issues. Fuel price hike, foreign investment in insurance and retail, and pension reforms, to name a few, are areas where they have stalled any progress.

This is despite the dubious record the United Progressive Alliance (UPA) government holds of constituting the maximum number of group of ministers (GoM). Some of the GoMs have managed just one or two meetings, suggesting that it takes a long while to take decisions.

While no ally of the UPA wants snap polls, in the final cost-benefit analysis, are they not losing face for not having done much?

P. VAIDYANATHAN IYER

CITIGROUP

Man to watch

VIKRAM Pandit's former employer is doing him no favours. On 12 December, Morgan Stanley pitched Citigroup as the top stock to short in 2008: earnings are falling, there is likely to be a dividend cut and more hybrid issuances that will dilute current shareholders' stock further.

BLOOMBERG

THE BAD NEWS BEARS: Some analysts have treated Pandit's appointment with caution

On 11 December, Citi announced Pandit as its new chief executive officer (CEO). He was previously head of Citi's institutional client group; at Morgan Stanley, he was a senior executive in its capital markets group, before leaving to start his own hedge fund, Old Lane.

While Pandit's appointment has been greeted here as another example of an Indian making it good on the global stage, others have treated his appointment with caution — and in some cases, derision. Felix Salmon — former writer with *Euromoney* magazine and Bridge News and the man who set up the Economonitor blog for Roubini Global Economics — calls him "a dull technocrat who has never achieved much".

Another analyst, Roger Ehrenberg, called Citi's buyout of Pandit's hedge fund Old Lane as an "$800-million recruitment fee". Old Lane, which had assets of approximately $4.5 billion when it was acquired by Citi, now has about $4 billion under management. Not exactly a stellar performance, according to hedge fund analysts.

Long-time shareholder — and critic — William Smith says that Pandit is probably a decent segment manager, but not CEO material.

Of course, Pandit's is not the first such appointment to draw flak. When Merck was in similar trouble over the controversies surrounding its billion-dollar painkiller drug Vioxx in May 2005, the company elevated Richard Clark — who was then president of its manufacturing division — to CEO, president and chairman of the board. Clark was considered a plodder, with no research or clinical experience.

Bad appointment, everybody said. But Clark took a stock that was about $24 a share then to $60 now. And Merck now has a pipeline of drugs that look very promising. So maybe Pandit will surprise everyone like Clark did. Pretty soon, Citi may put out a short call on Morgan Stanley.

SRIKANTH SRINIVAS

"It is crucial for our country to keep Vladimir Putin in a top position in our executive."
Dmitry Medvedev, Russia's Presidential candidate, after winning Russian President Putin's backing

TITAN INDUSTRIES

Time to buy

THE Tata Group is quietly consolidating its domestic retail business. Clearly, the idea is to transform itself into the biggest retail chain in India with a host of verticals; from watches and jewellery under Titan and Tanishq brands to consumer electronics under Croma and lifestyle products under Trent's Westside brand.

The group has complete control over Trent and Croma, but not over Titan Industries, which is keen on buying medium-to-large US retail chains that find it tough to survive now amid fears of recession. Titan's rivals such as Gitanjali Gems and Jewellers have already snapped up chains in the US and the UK. The Tatas have readied their next big moves. To start with, they plan to consolidate their ownership.

Last week, Tata Sons Executive Director Ishhat Hussein and Trent Managing Director Noel Tata met Tamil Nadu government officials with a proposal to buy out Tamil Nadu Industrial Development Corporation (Tidco) in Titan Industries. The venture, which took off in 1984, is today the country's largest watch maker with a 60 per cent share. A buyout of Tidco's 27 per cent stake will give the Tatas complete control with over 51 per cent stake. This will expedite its global and domestic plans that otherwise could get mired in bureaucratic red tape. The group will have to shell out Rs 1,800 crore to buy Tidco's 12.4 million shares at an average market price of around Rs 1,500 a share.

TOTAL CONTROL: The Tatas want to buy Tidco's 27 per cent stake

Titan's plans include transforming Tanishq into a global brand, launching premium brand watches with Swiss technology in the developed markets and splash the domestic market with Titan and Sonata brands. It could leverage the low-cost base at home to sell products in the developed markets that offer higher margins. In the US, jewellery and diamond retail chains offer a 3-4 per cent margin. With control over raw material and labour, Tatas could well improve the margins to anywhere between 15 per cent and 20 per cent. ■

BAIJU KALESH

US ECONOMY

An unkind rate cut

BLOOMBERG

WELL PREPARED: The US markets were anticipating a significant rate cut

IT came as no surprise: the US Federal Reserve cut interest rates, the Fed Funds target rate, the overnight inter-bank interest rate, by 25 basis points, and the discount rate — the rate at which banks borrow from the Fed — also by 25 basis points. Bloomberg had surveyed 124 economists ahead of the 11 December Federal Open Markets Committee (FOMC) meeting and 115 of them got it right.

Parsing the Fed's announcement, there are four considerations that appear to be the drivers of this latest round of cuts: soaring energy (and commodity) prices, unemployment, the housing market slump and a persistent credit squeeze. What one economist called the 'Four Horsemen of the Apocalypse'.

The US stockmarkets fell hard, after having risen in previous days in anticipation of the rate cut; investors had already factored in the announced size, but had hoped for more. Michael Panzner of the New York Institute of Finance likens the stockmarket's anticipation of the Fed's rate cuts to a heroin addict looking forward to his next fix.

Is this rate cut — and the ones likely to follow — going to help? Unlikely. The Fed can make more money available to the financial system, but it cannot force borrowers to take it. William Gross, chief investment officer of bond manager PIMCO Bonds, said in his December newsletter that the Fed funds rate may have to go down to 3 per cent before money is cheap enough to become a stimulus. And what that will do to the dollar's value is anyone's guess. ■

SRIKANTH SRINIVAS

RELIANCE INDUSTRIES

Future shock

BLOOMBERG

WHAT'S IN STORE: Most of RIL's valuation is based on its future prospects

PUNTERS and analysts tracking Reliance Industries closely attribute three-fourth of the stock's valuation to the company's future growth off gas discoveries from 36 exploration blocks in India. Edelweiss Capital, a brokerage firm, pegged the value of the future gas discoveries at Rs 719 in June 2007 or 41 per cent of the company's then stock price of Rs 1,743 a share.

RIL's future earnings from gas have risen more than twice the estimate of Rs 302 a year ago after company Chairman Mukesh Ambani told his shareholders that commercial production of gas will begin by the second half of next year. The rest of the value comes from refining and marketing, chemicals, retail and other investments. But news reports of one dry well in the deep water Cauvery asset may prompt a reassessment of RIL, which has had a 60 per cent success rate so far on exploration in the Krishna Godavari, Mahanandi, Saurashtra and Cauvery basins.

According to reports, RIL has been able to strike hydrocarbon in only one of the three wells drilled in October. Earlier this year, it had struck hydrocarbon in the first well in the block and had to abandon the second well due to a technical snag. But RIL shareholders and Ambani are unperturbed. Since the news came out, RIL stock has only gone up. From Rs 2,822 on 10 December, it has touched Rs 2,886 as on 13 December. The country's richest man is also pursuing opportunities outside India.

Last week, RIL acquired a 49 per cent stake in an Australian company that mines uranium and, recently, Ambani announced a sizeable investment in West Asia for chemicals after meeting the Dubai royal family. And when he met his shareholders last, Ambani said that RIL was looking forward to the day when the company will have 100 discoveries and meet most of India's hydrocarbon demand. ■

BAIJU KALESH

EICHER-VOLVO

Coup or kaput?

SIDHARTHA Lal, 33, CEO and controlling shareholder of Eicher Motors (FY'07 sales Rs 1,952 crore) has been talking of gate-crashing Tata Motors' party in the heavy and super-heavy trucks market and seeing Eicher trucks ply in far off foreign markets, too. And so is B.M. Munjal's Hero Group, which has tied up with Daimler for a commercial vehicle foray.

HEMANT MISHRA

END-GAME: Volvo and Daimler will challenge the duopoly of Tata Motors & Ashok Leyland

Lal's move is particularly interesting. Giving up on his own ability to get to that El Dorado, he has decided to hitch a ride on Swedish auto major Volvo.

Volvo India has a meagre 3 per cent share of the domestic super-heavy trucks (25 tonnes-plus) market, having sold 457 trucks between April and November, according to data by Society of Indian Automobile Manufacturers. Tata Motors holds 66 per cent of that market. During the same period, Volvo sold only four trucks in the sub-25 tonnes segment, which is 90 per cent of India's truck market in volume.

In comparison, Eicher has 18 per cent share of the light and medium (5-16 tonnes) trucks market against Tata's 64 per cent. In fact, Eicher runs Tata close in its staple segment of 7.5-12.0 tonnes trucks by having 40 per cent market share against Tata's 45 per cent.

What is intriguing is that Volvo has kept its Indian truck production unit out of the deal's purview whereas Eicher has bet the house on it — entire production, distribution, service network and brand.

Sure, Volvo will bring in $350 million cash and its dealership and service network valued at $75 million into the new company; but, funds is not what Lal has pitched the deal on. Also, there is no clarity yet on Volvo's approach to branding trucks made partly with its money.

Still, Lal has only gone as far as declaration of intent. The pre-nup will make interesting reading, whenever it is concluded. ■

FEROZ AHMED

ENTER THE LEAGUE: Air India's entry into Star Alliance will help it cut costs and earn more revenues

SUBHABRATA DAS

AIR INDIA

Starry-eyed

WINTER has been particularly cruel to Air India (AI). It got bad press for delayed flights and stranded passengers. To top it, news was out that it posted Rs 500 crore losses during the last financial year. But that hasn't stopped the national carrier from flying into Star Alliance, the world's largest airline alliance. Other similar alliances are those of Oneworld and SkyTeam.

An entry into the 18-member Lufthansa-led Star will enable AI to save costs and earn more revenue by using the common information technology platform, connectivity to regions where it does not fly now and share lounges at airports. Frequent fliers can redeem their points if they travel in any of the member airlines through what is technically known as earn and burn.

AI's new initiative may give it some breathing space at a time when its passenger traffic is consistently declining and route networks are shrinking for lack of planes.

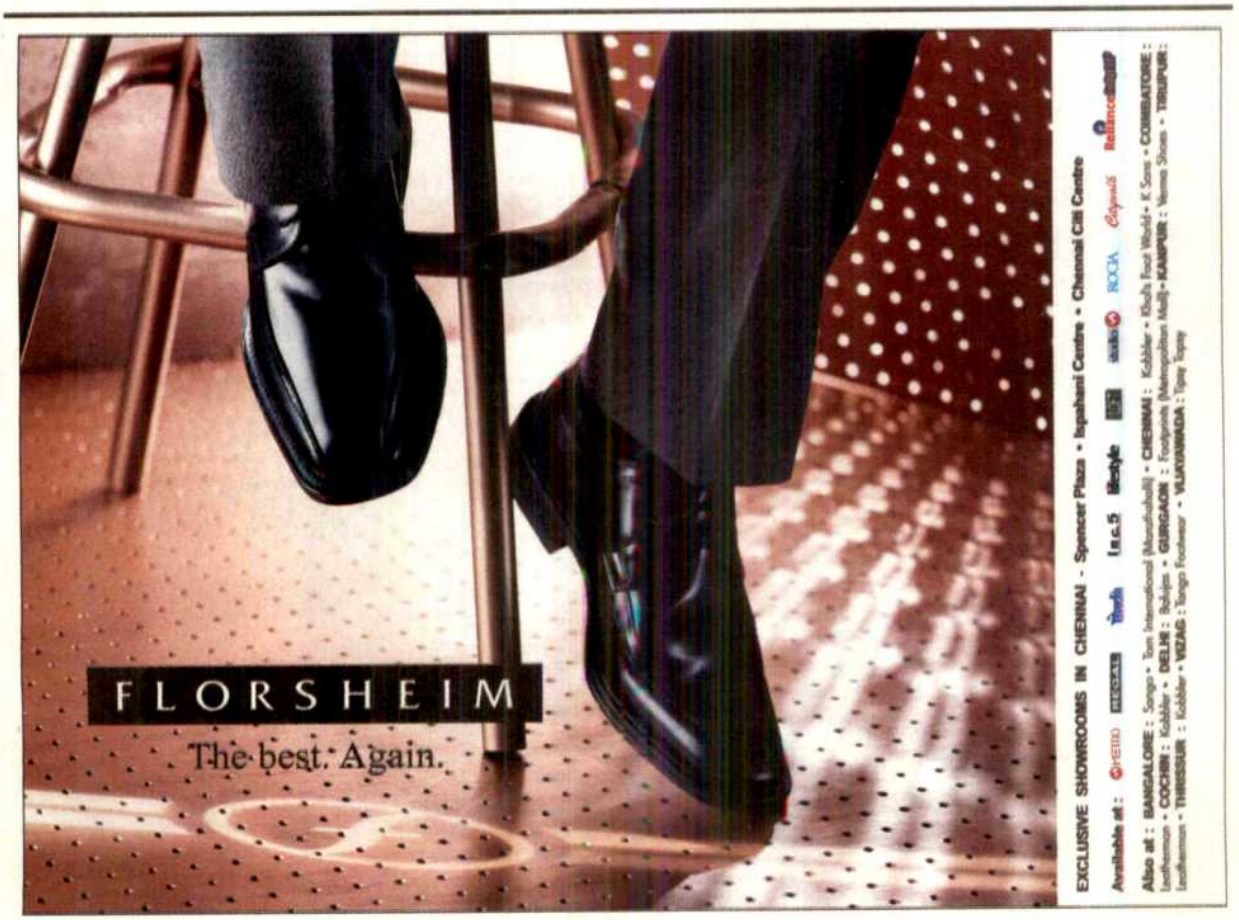
As on date, the government-owned carrier focuses on West Asia, four cities in the US and a few in Europe while its rivals rush to connect more cities in India with more and more passengers travelling to and from India for business, jobs and leisure.

For the industry, the alliance reflects the significance of India as one of the largest aviation markets having recorded a stellar 28 per cent growth in 2005-06. Airlines have to upgrade systems to certain common standards before entry is permitted into the league. Domestic market leader Jet Airways may follow AI and could be the likely winner with its ability to connect India's remote regions for Star members.

Star Alliance CEO Jaan Albrecht recently said, "India, Russia and China are white spots on the Star alliance network that need to be filled."

The Star Alliance currently runs 16,930 daily flights to 842 airports in 152 countries. Now, the 68 new machines that will enter the AI fleet next year will bring the world closer to India. ■

BAIJU KALESH



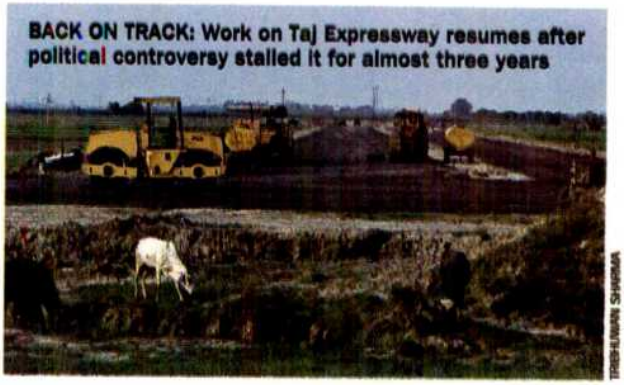
Private Equity

Get inside the world of start-ups, venture capital and private equity in India and Asia with the BW fortnightly PE Tracker

The core attraction

INFRASTRUCTURE and real estate have become the hot picks for private equity and venture capital firms this year. In what could be the third biggest PE deal in India, ICICI Venture is set to pump in $800 million in Jaypee Infratech for 10-15 per cent. The company is fully owned by the Jaypee Group, which has interests in a range of sectors from cement to power projects. Jaypee Infratech is executing the controversial Taj Expressway project connecting Noida to Agra, initially awarded to the publicly-listed Jaiprakash Associates (JAL) in 2003 by the UP government then headed by Mayawati (who happens to be the chief minister now as well).

While senior executives in Jaypee Group and ICICI Venture could not be reached, sources said the 165-km road project was conceived as a six-lane access controlled expressway between Noida and Agra, along with real estate development of 25 million square metres along the route. It is estimated to cost Rs 20,000 crore. In March this year, the company incorporated Jaypee Infratech (JIL) as a wholly-owned subsidiary, and initiated steps to transfer the Expressway project from JAL to JIL. While the fund infusion would be used to part-finance the Expressway project, it could not be ascertained if the proceeds would help fund other real estate or road projects Jaypee Infratech might plan in the future.



BACK ON TRACK: Work on Taj Expressway resumes after political controversy stalled it for almost three years

PRASHUKAN SHARMA

Almost a third of the total private equity investment during the year has gone into real estate and infrastructure companies. In the first 11 months, there have been 374 PE deals with a total investment of almost $16 billion. In October, Adani Group struck two deals with private equity firms to raise $347 million for its power and special economic zone projects. ■

P. VAIDYANATHAN IYER

BW-Thomson Financial PE Tracker

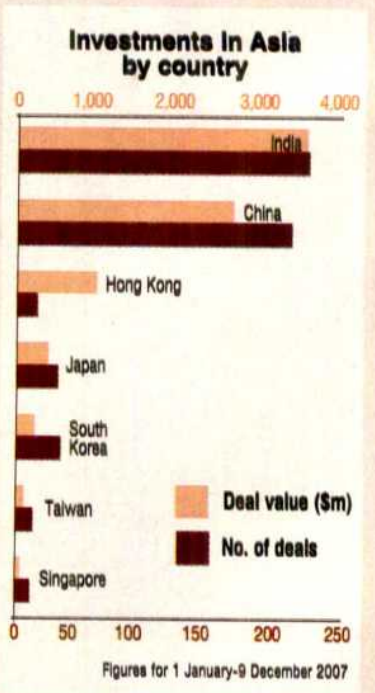
November-December

The Asian private equity market saw 574 deals worth $8.17 billion as on 9 December 2007. India was the largest market in the region with 227 deals worth $3.60 billion

Top 10 Asia PE deals

TARGET	TARGET NATION	INVESTOR	INVESTOR NATION	DEAL SIZE ($M)
Jaypee Infratech	India	ICICI Venture Funds Management Co.	India	800.00
Vatika Group	India	Wachovia Corporation, Bayer, Goldman, Sachs & Co.	US Germany US	250.00
Intelenet Global Services	India	Blackstone Group	US	75.00
Pipavav Shipyard	India	Blackstone Group	US	50.00
GVK Biosciences	India	Sequoia Capital India	India	25.00
IKang.com	China	Investor group*	--	25.00
Orind Global Holdings	China	CLSA Capital Partners	Hong Kong	20.00
56.com	China	Investor group**	--	20.00
Shanghai Sinoway Herbage Cosmetics Co.	China	Capital Today	China	10.00
Eastwin Life Science	China	Orchid Asia Group Management	Hong Kong	10.00

Figures for 25 November-8 December 2007 * Draper Fisher Jurvetson ePlanet Ventures (US), WI Harper Group (US), Shanghai Venture Capital Co. (China), Merrill Lynch Capital Partners (US), Walden International (US) ** Sequoia Capital (US), Steamboat Ventures (US), Adobe Systems (US), CID Equity Partners (US), Susquehanna Growth Equity (US), Hikari Tsushin Capital (Japan)



Figures for 1 January-9 December 2007

Realty valuations soar

PRIVATELY-held real estate firm Vatika, which has land holdings of about 3,000 acres in the National Capital Region and Rajasthan, has sold about 10 per cent of its equity to three private equity firms — Goldman Sachs, Wachovia Corporation and Baer Capital — to raise $250 million. The deal follows a string of private equity investments in the sector during the year, the biggest being Avenue Capital's 26 per cent stake in SKIL Infrastructure for $500 million followed by DE Shaw's $400 million in DLF Assets.

Gaurav Bhalla, one of the promoters handling marketing and operations for Vatika, says the company has already received $100 million and expects the balance money to flow in by March 2008. While 50 per cent of the proceeds will be used for further consolidation of land holdings for two projects in Gurgaon and Jaipur, the balance will go to new projects.

Vatika plans to either build one large township or invest in a couple of commercial and residential projects in cities such as Pune, Nagpur or Hyderabad. It plans to raise another similar amount in the next nine months.

The company, which has built about 5 million square feet of office and residential buildings till date, is currently developing a 1,200-acre plot in Jaipur, which includes a special economic zone, residential buildings and space for retail. According to Bhalla, the sale value of the project is expected to top Rs 12,000 crore.

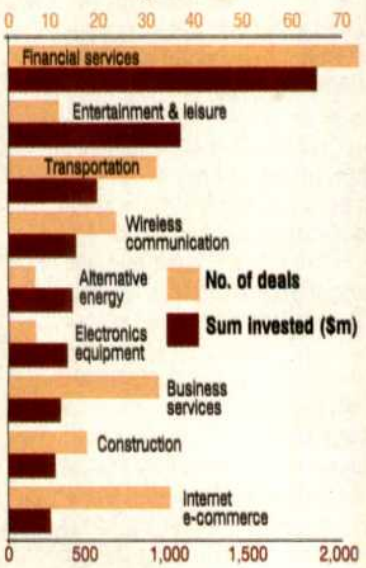
According to KPMG Executive Director Vikram Utamsingh, the zooming land prices are driving valuations of real estate companies. "Typically, an investor expects an internal rate of return of 20 per cent-plus in real estate deals."

The other big PE deals in the sector during the year included Singapore-based GIC, George Soros and Morgan Stanley's joint investment of $166 million in Anant Raj Industries and Morgan Stanley Real Estate's $150 million in Oberoi Constructions. ■

P. VAIDYANATHAN IYER

MONEY-WISE: Vatika plans to raise more funds soon

Investments in Asia by sector



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Vatika Group	India	Wachovia Corporation, Bayer, Goldman, Sachs & Co.	US Germany US	250.00
Intelenet Global Services	India	Blackstone Group	US	75.00
Pipavav Shipyard	India	Blackstone Group	US	50.00
GVK Biosciences	India	Sequoia Capital India	India	25.00
Comat Technologies	India	Avigo Capital Partners	India	6.00
Gingersoft Media	India	Undisclosed Investor	US	2.00
IVIZ Techno Solutions	India	IDG Ventures India	India	2.00
India Infoline Investment Services	India	Orient Global	Singapore	NA
Interarch Building Products	India	Future Capital Holdings	India	NA

Figures for 25 November-8 December 2007

Note: Sum invested is actual money taken down or disbursed to portfolio companies. PE deals are classified as investments where the investor is a PE firm. The above tables do not include investments made by angel investors, hedge funds, trusts and corporate investors. Such investors are taken into account only when they have invested alongside PE firms.

Log on to www.businessworld.in for the complete list of deals

BALI SUMMIT

Climate wars

BLOOMBERG

SEEKING A ROADMAP: The Bali summit offered little breakthrough

THE only bit of encouraging news emanating from Bali, Indonesia, host to the recent United Nations Framework Convention on Climate Change (UNFCCC) summit, is an agreement to make it easy for developing countries to access the global climate fund. The fund, to be maintained through a 2 per cent tax on transactions within the Clean Development Mechanism — under which rich nations get carbon credits for investing in sustainable projects in developing countries — will help poor countries combat the effects of climate change such as drought and cyclones.

The fund will be governed by a 16-member board comprising mostly developing countries. The board will hear proposals from UNFCCC members who want access to the fund. The ongoing diplomatic wrangling over how and who should reduce greenhouse gases (GHGs), and by when, is far from over. Thankfully, the most vulnerable countries at least have access to funds to survive until an agreement is reached.

The Bali summit was attended by more than 10,000 attendees from over 190 countries. Optimists hoped that the two week-long summit would deliver a roadmap for a successor to the Kyoto protocol, which ends in 2012. Kyoto was designed to reduce GHG emissions. It established a system where countries that reduced their GHGs sold these reductions as credits to rich countries that did not cut their emissions.

On the eve of the conference, Rajendra K. Pachauri, chairman of the UN's Inter-governmental Panel on Climate Change, said he was hopeful that his organisation's reports have convinced governments about the urgency of finding a successor to Kyoto. But open fights between the developed countries and the developing ones ensured that the summit was, at best, a baby step in taking the UN climate talks forward. ■

PIERRE MARIO FITTER

NATURAL RESOURCES

Mining for trouble

THE government and the industry will not agree, but quite a few myths about the state of mining in India stand exposed in a comprehensive 356-page report — Rich Lands, Poor People — by the Centre for Science and Environment. The report argues that mining must not be allowed without the consent of the people and if its environmental, ecological and social costs outweigh the economic gains.

To be released soon, the report offers insights into the status, operations, processes and regulations of the mining industry in states rich in metallic minerals, metals, mineral fuels and industrial minerals.

The report says royalty payments from mining accruing to the government is measly. In India, the fixed per-tonne rate royalty for iron ore translates into less than 0.5 per cent of the value, while a competing iron ore-rich Australia charges 5.0-7.5 per cent and China 2 per cent. The report also highlights the price differential between domestic and international prices — bauxite being priced 16.5 times lower in the Indian market or, for that matter, global iron ore and mica prices being higher by 4.4 and 10 times, respectively.

MORE THAN MEETS THE EYE: Indiscriminate mining and quarrying have destroyed large tracts of forest land

While the government and the industry say that mining activities create more jobs, the report reveals that between 1991 and 2004, employment actually shrunk about 30 per cent, though the mineral production value jumped four-fold.

Arguing that mining and quarrying have destroyed large tracts of forest land, the report states that total forest area diverted annually for mining during 1998-2005 was four times higher than during 1980-97. Further, poor compensation and poorer rehabilitation have made people distrust the government's and the industry's claims of improving their lot through development. ■

RAJESH GAJRA

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Several Skyline Alumni have gone abroad for further studies in the following universities - • Kelley School of Business, Indiana University, **USA** • University of Akron, **USA** • Oklahoma City University, **USA** • Eastern Illinois University, **USA** • Cardiff Business School, **UK** • University of Sunderland, **UK** • University of Cranefield, **UK** • York University, **Canada** • Monash University, **Australia** • University of Exeter, **UK** • University of Surrey, **UK**

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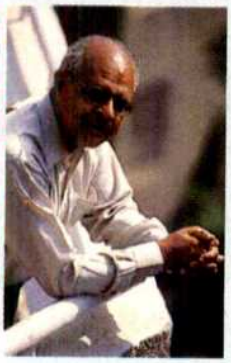
comment

by ashok v. desai



Manufacturing competitiveness

India's critic of yore says that Indian industry gets only modest protection and that its prices are no higher than international prices

GARRY Pursell was back. He first came to India in the 1980s for the World Bank. He calculated the protection India was giving its producers; it was about the highest in the world. It made Indian products uncompetitive and worsened the trade balance; it was responsible for repeated payments crises. Of course, a country could not run a payments deficit unless it had foreign exchange to pay for it. But if outside sources of exchange — such as foreign aid or investment — were available, and if the government did not allow the exchange rate to be determined by supply and demand, a country could have payments deficits. Much of that exchange came from the World Bank and other donors. That foreign aid enabled India to keep its exchange rate overvalued.

Garry had also shown that high import duties had perverse effects. For instance, many goods got less protection than the tariffs on them would indicate because tariffs on their inputs raised their costs. In the case of many agricultural goods, the protection was negative: the cost of tariffs on inputs into them was greater than the benefit of higher prices they got because of tariffs. We saw merit in this argument when I was in the government, and after the payments crisis of 1991, began to reduce tariffs. Garry has recently done calculations to assess the impact of those reductions — and has come to surprising conclusions.

According to him, some important things happened in the 1980s which went unnoticed. In the mid-1970s, industrial prices in this country were roughly twice the international level. This figure changed little till 1981. Then it began to fall. By the late 1980s they were only about 40-50 per cent above international prices. There was a further sharp fall in 1991. By 1993, domestic industrial prices were about the same as prices abroad. They have remained at that level since then.

The general belief is that the sharp devaluation made by Manmohan Singh in 1991began the process of reducing protection. But if Garry is right, the process began in the 1980s, much before the 1991 reforms, through depreciation of the Rupee. Devaluation achieved in the 1980s more than what duty reduction did in the 1990s. The real effective exchange rate depreciated from 1.3 to 2.2 between 1986 and 1993, that is, about 70 per cent. Then it stabilized at that level till 2006.

A fall in protection made the economy more open. According to Garry, the ratio of manufacturing exports to manufacturing value added was about 15 per cent in 1987. Then it started climbing. By 1994 it had risen to almost 45 per cent; by 2005 it was over 60 per cent. The ratio of non-oil manufacturing imports to manufacturing value added was about 30 per cent in 1987. It changed little till 1994. Then it began to rise; by 2005 it was close to 60 per cent. Thus the manufacturing economy has become much more open. It is less protected as well; the average unweighted tariff was only about 10 per cent in 2005. Garry, India's reliable critic, has turned into an admirer and an optimist.

That shocked me. Agriculture still bears high import duties and quantitative import restrictions; our socialist government taxes imports of food products that the poor eat. Tariffs are also high on what it calls luxuries, such as cars. India is the most prolific user of anti-dumping duties. It even protects textiles, in which it is internationally competitive. Is that an open economy? It has a long way to go.

But meanwhile, Garry's figures raise the question: if Indian manufacturing was internationally competitive since the early 1990s, why did it not become a big exporter like China's? My guess is that while Indian manufacturing prices were close to international prices, Chinese prices were much lower. The Chinese invited foreign manufacturers and asked them to build and run the most efficient factories. This policy of putting efficiency above nationalism succeeded better than India's discrimination in favour of domestic businessmen. ■

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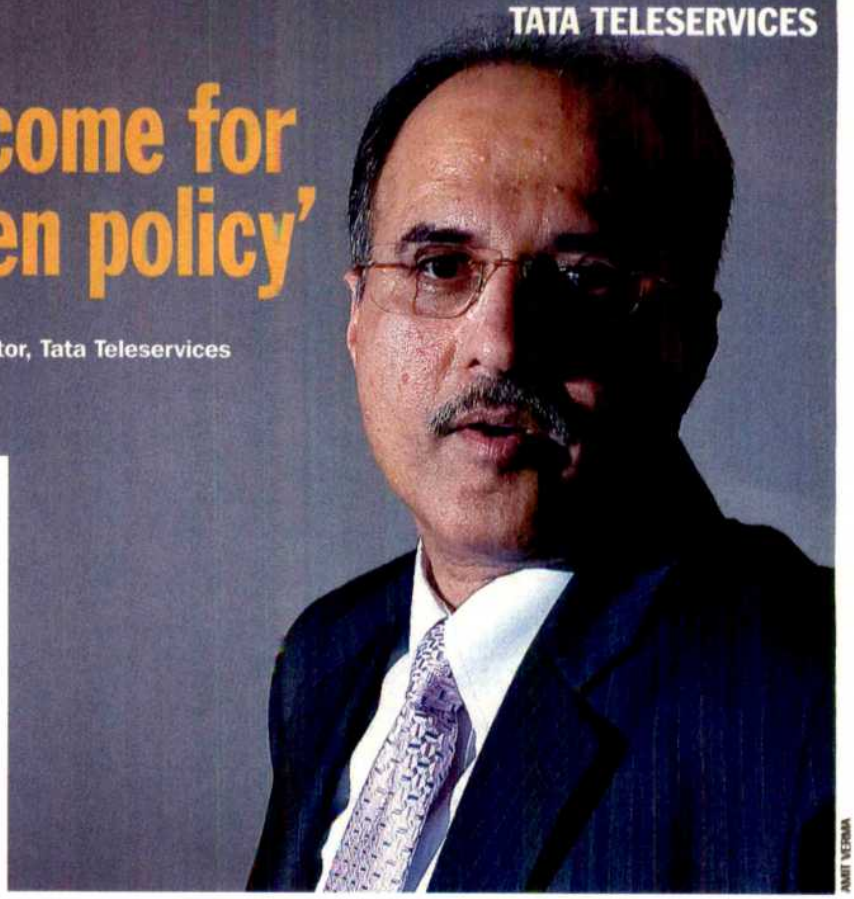
TATA TELESERVICES

'Time has come for a clear, open policy'

Anil Sardana, Managing Director, Tata Teleservices



AMIT VERMA

Two companies are in the eye of the storm raging in the telecom sector: Reliance Communications (RCom) for securing spectrum (the airwaves on which telecom services ride) to offer GSM-based mobile services, and Tata Teleservices for its uncharacteristically aggressive posture. Both are fighting a common cause against market leaders such as Bharti Airtel and Vodafone for hoarding excess spectrum issued to them for free or for minimal compensation through some opaque policy decisions.

("You took a principled stand that spectrum should not be priced. What has changed now? Who has solicited this? It's sheer guilt showing," says Tata Teleservices Managing Director Anil Sardana on Bharti Chairman Sunil Mittal's offer, subsequent to this interview, to pay Rs 2,650 crore for nationwide spectrum.) Both Reliance and Tata are also objecting to the current telecom policy framework that puts CDMA operators at a disadvantage vis-à-vis GSM operators. But the two CDMA players can't see eye to eye about the manner in which Rcom was given the spectrum to launch its GSM services. Days before Tata Tele filed a suit demanding the excess spectrum given to players such as Bharti and Vodafone be returned and redistributed, Sardana spoke to *BW's* Jehangir S. Pocha and Rajeev Dubey.

In two accompanying columns, Rcom's President (Regulatory) Bharat Anand and T.V. Ramachandran, director general of COAI, the association of GSM players, outline their stance on the controversies.

■ *The major issues in telecom are the spectrum give-back, the date of the Telecom Commission clearing the GSM spectrum to RCom and the gray area about the dates...*

■ It might be grey for some people but it's very clear to me. First, the spectrum issue. Remember, the lower the frequency, the better the efficiency of spectrum. The International Technology Union has ensured that worldwide spectrum bands are similar so that equipment can be planned internationally on the same standard. For GSM, it's 900 band, 1,800 band and then it's 2.1 megahertz (MHz). Start-up spectrum is in 900 MHz, so initially you can use competitively priced equipment. But once you are on your feet, you get extra spectrum in 1,800 MHz. In India, players who got in early got all the good spectrum (900 MHz). So, there has been a lot of discrimination in this industry for a long time.

Coming to spectrum allocation by the government, a UASL licence makes operators eligible for 6.2 MHz. Anything beyond that the government has the right to give. But two weird things happened. One, unlike global norms, India started allocating spectrum on the basis of number of subscribers with an operator. Two, till March 2006, nobody thought of hoarding spectrum. But a coterie decided it's a great idea and why not use this opportunity. So, in one sweep subscriber norms were initially issued at a particular level to benefit one or two players. They gave people 8 MHz, 10 MHz, and then, suddenly changed the goalpost so that others don't have the same advantage.

■ *Are you implying that the government, the Department of Telecom (DoT), etc., were in collusion with the players?*

■ There must have been something. I don't know who's in collusion with whom but it hasn't been transparent. Every time you reach the subscriber norms — which I believe are atrocious — they will change the method of distributing spectrum. If the norm was 2 million, they make it 3 million and then 4 million. So, while you remain in start-up spectrum, somebody has moved to 8 MHz, 10 MHz. We are going for litigation

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and we are working on a table which we are attaching. We are saying that in these eight circles where we have applied, if our subscriber base is a particular number, what was our rivals' spectrum at that level of subscriber base? While we are still at start-up spectrum of 2.5 or 3.75 Mhz, they had 8 MHz to 9.8 MHz, which clearly shows that you have granted favours to people. Because for just these eight circles, this translates into Rs 7,000 crore of investment in new cell towers to raise the density of network, and prevent call drops and Rs 600 crore of operating expenses annually.

■ *What will be your demand?*

■ We want the court to direct Telecom Engineering Centre, DoT's technical wing, against giving us half the spectrum that GSM players get for the same number of subscribers. Two, either give us more spectrum or take away the spectrum beyond 6.2 Mhz from others. Three, GSM spectrum is the issue, so give us CDMA spectrum fast. Give everybody the same level of spectrum. Be it 4.4 MHz (that is currently issued as start-up spectrum followed by another 1.8 Mhz) or 6.2 Mhz. Let people bring in efficiency. Make the spectrum beyond the start-up spectrum expensive or reasonably expensive, so that operators decide whether to invest in capex or pay for the extra MHz. Government gets its revenues, players think prudently. Time has come for a clear, open policy.

■ *Anything above 6.2 MHz, right?*

■ The government and the technologists can discuss whether the spectrum should be 4.4 or 6.2 MHz . Even allocation tranches have not been as per world standards. Globally, in GSM you move in steps of 200 hertz. You need not move in tranches of 1 MHz.

■ *If operators have paid for the spectrum, how do they give it back?*

■ Nobody has paid. It came free. When Tatas said that spectrum should be priced beyond 6.2 MHz, some players commented that there is PM relief fund for people to come and donate, spectrum should not be priced. Now, the same people are talking about pricing.

■ *You are distancing yourself from Reliance where some of these issues are equally relevant to them. Will you file the suit with Reliance or on your own?*

■ We have our own ideology. We are neither saying Reliance is right nor that any other operator is right or wrong. We are saying declare a policy that is long term, which is based on strong fundamentals that are accepted worldwide.

> "Players who got in early got all the good spectrum. So, there has been a lot of discrimination in this industry for a long time"

■ *You have so much in common with RCom, but there's one difference. You are questioning the process through which it was given the letter of intent for GSM.*

■ We are right. You issue a policy on 19 October and say that anybody who applied in 2006, will be entertained. But, to anybody who applies after the policy has been issued, you say 'I'm going to see what to do with that'. I've not seen a policy like this. Before 19 October, if I asked for crossover spectrum, they said we are still debating. Our demand is that we are the first legitimate applicant after the policy was announced. And deal with us in that manner.

■ *But the letter was issued to RCom on 18 October after the Commission cleared the policy. That's after the policy.*

■ Fair enough, but did they apply after the policy was announced? They entertained the application of 2006. Had the application been one minute after the issue of policy, it would have been valid. But the policy was issued and you take care of a speculative application, which clearly smells of...

■ *What if the RCom application triggered the policy?*

■ That's like saying that if I apply for Rashtrapati Bhavan today, that will provoke the new Rashtrapati to say that since you applied I am happy and I will give it to you. That's not fair.

■ *This is the COAI's main objection, but are you also filing a suit against this?*

■ No, we don't have to. We have been impleaded in the case. In the last hearing, the honourable judge requested that no one should file a written representation because he didn't have a bench with him. So, he will implead people. We will soon hear from our counsel.

■ *Everyone seems to be in favour of auctioning...RCom, you...*

■ We're in favour of pricing beyond start-up spectrum, not auctioning. If you auction, people will bid madly and it won't be viable.

■ *Our rough calculation shows that the delta is huge between the price you pay and the wealth that gets created. What's the price of spectrum? Some $500 million. But with that much of spectrum, your net worth would jump $4-5 billion.*

■ I agree. But if you give 4.4 MHz, then define that you will do a capital investment, and define the capital investment in a circle such as MP of $400 million in four years. If they don't make the investment, take back the licence.

■ *If you get parity with GSM, where do you see Tata Tele two years from now?*

■ We see ourselves head and shoulders above competition.

■ *So you will overtake Bharti Airtel?*

■ Absolutely. We are saying, have fair play and let the market forces play.

■ *And what if you don't get what you want? Is your telecom ambition dead ?*

■ The country would be deprived of the investment it needs so badly. There will be a point of detestation when we'll say thank you, we'll go abroad.

■ *Is joint venture in India still a strategy? Like you tried to form a three-way JV with BPL and Birlas earlier...*

■ One is open to any kind of growth so long as it makes sense for business and for customers. One can see consolidation ahead if this competition comes in. It's going to be a struggle for all if it's a struggle for late entrants like us. But yes , certainly, it's an option. ■

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t.v. ramachandran

T.V. Ramachandran is the director general of Cellular Operators' Association of India

The return of spectrum

SPECTRUM, the airwaves on which mobile phone services are offered, is the most vital raw material needed to offer cellular telephony. Adequate spectrum at an affordable cost is a vital pre-requisite to ensure high quality services at an affordable price. However, spectrum, being a finite resource, must be used in the most optimal and efficient manner, and in any case, hoarding of spectrum should not be allowed. In fact, if any operator is hoarding spectrum, it should be returned to the government.

Some people these days are saying that the GSM (global system for mobile communications) players (such as Bharti Airtel and Vodafone) are entitled to only upto 6.2 MHz (mega hertz) and that they are hoarding spectrum.

This is completely incorrect as the facts are totally in contrast to this.

■ There is no cap of 6.2 MHz for GSM operators. As per the existing policy, government has allocated spectrum upto 10 MHz to some operators. In fact, Department of Telecommunications (DoT) has prescribed the roadmap for subscriber-linked allotment of spectrum of upto 15 MHz for each GSM licencee.

Now, if a new policy is announced, it has to be applied on a prospective basis and, thus, the case of return of spectrum doesn't arise. On the contrary, these operators are awaiting additional allotments of spectrum to maintain the growth trajectory.

■ The GSM operators are already over-utilising their allotted spectrum and now they are at a stage where it is affecting their quality of service (QoS). The pressure on spectrum has started surfacing in the metros and other big cities (in all 23 circles), where operators are facing growing challenges in maintaining QoS.

It is a well known fact that India has a far lower spectrum allocation (an average of 7.35 MHz per operator) than most other developing or developed regimes — the international average is around 22 MHz.

Faced with an aggressively growing subscriber base and the continued paucity of spectrum, Indian GSM operators are making all possible efforts to optimally utilise their existing allotments.

They are doing this not only by increasing the density of their network by setting up more phone towers, but also by deploying all possible spectrum optimisation techniques. Further, these techniques are being used not just in the major metros but also increasingly in smaller cities and towns.

The same has also been recognised by a High Level Committee set up by the Department of Telecommunications in 2003 and as recently as in 2007 by the Telecom Regulatory Authority of India in its recommendations. The Indian GSM operators are increasingly becoming a benchmark for the world in terms of over-utilisation of allotted spectrum.

These allegations of spectrum hoarding by GSM operators only surfaced when the CDMA (code division multiple access) operators (such as Reliance Communications) wanted a back-door entry into the GSM industry.

In fact, it is the CDMA operators who have ample unutilised capacity (50 per cent) even as per the existing criteria. Moreover, the 2:1 linkage being applied by DoT, between CDMA and GSM, is actually an unduly lenient criterion, as they themselves have claimed that they are five times more efficient than GSM. Thus, this criteria needs to be tightened by at least 100 per cent. Also, by permitting crossover allotment, GSM spectrum will be allotted to CDMA operators, without any requirement to use spectrum efficiently.

Are only GSM operators required to use spectrum efficiently? In light of the above facts, it is clear that with sufficient unutilised capacities and crossover spectrum, the CDMA operators would be the ones hoarding large amounts of spectrum, a scarce national resource.

Looking at the facts, one can easily make out who is hoarding spectrum and needs to return the same. ■

Is efficient usage of spectrum required only for GSM operators?

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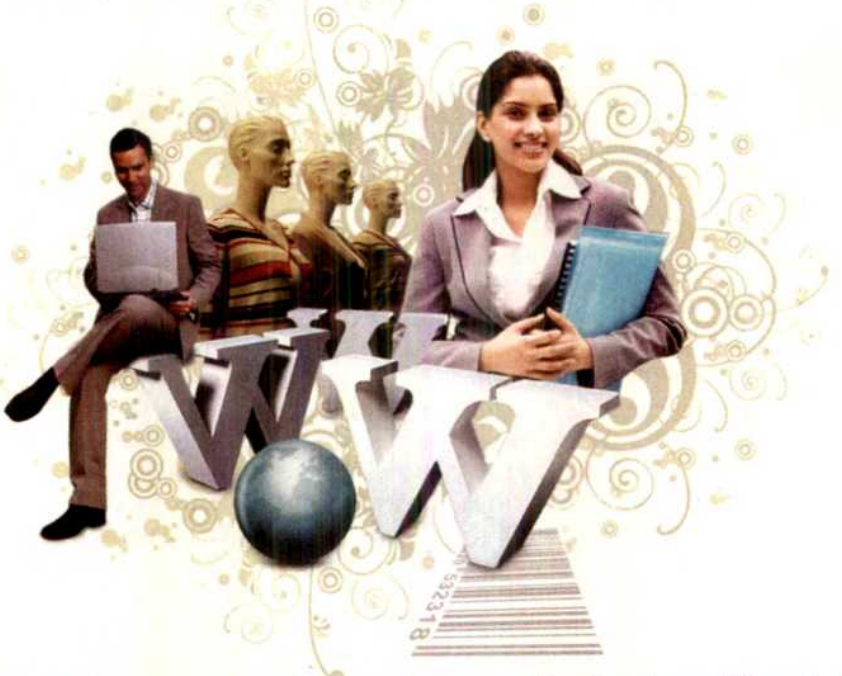

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bharat anand

Bharat Anand is president (regulatory), Reliance Communications

Return spectrum for better growth

ALLOCATION of spectrum — a scarce but indispensable input in the provision of mobile telecommunication services — is an important tool to achieve teledensity objectives and contribute to the nation's economic growth. India has achieved a 20 per cent wireless penetration, though there is still a long way to go. Several nations have achieved over 100 per cent teledensity. All users of spectrum should plan, establish and operate their ne works optimally, using spectrum-efficient technologies. What India needs is adoption of spectrum-allocation criteria that promote efficiency and ensure quality of service, thus increasing competition to achieve the targets.

The issue of return of spectrum has to be seen in two contexts: first, spectrum allocation was made up to 10 MHz without any policy framework; second, the 2006 criteria were outdated with GSM operators serving two to five times the number of subscribers than what the criteria prescribed.

The dominant private operators have added over 52 million customers in the past two years without allocation of spectrum. The private dominant GSM operators have been misrepresenting that they do not have adequate spectrum, with the objective of hoarding spectrum and restricting competition.

The Telecom Regulatory Authority of India (Trai), and subsequently the Telecom Commission, have worked out the spectrum allocation criteria for the first time on a scientific basis. The Commission's report has tightened the subscriber allocation norms up to 10 times (an average of five times) compared with the 2006 norms. The Commission has taken inputs provided by the operators. It has been liberal on the number of subscribers that can be supported at different spectrum levels.

Based on this, the private dominant GSM operators carry over 50 MHz of excess spectrum across circles, well beyond the entitlement of 6.2 MHz (per operator) in GSM. This needs to be returned to the government. Since it has not been paid for, the government may ask them to pay.

The existing operators carry an unfair advantage of the premium 900-MHz spectrum allotted without any differential charge. In the 900-MHz band, the quality of service can be provided with fewer sites per operator because it's a more efficient band for mobile services. To provide a level playing field, existing allocation of spectrum in 900-MHz and 1,800-MHz bands should be re-farmed in such a manner that all existing as well as new operators will have only 4.4 MHz in the 900-MHz band and beyond that all operators should be given spectrum in 1,800-MHz band.

There are many international practices of return and refarming. In October 2007, Ofcom — the British telecom regulator — has initiated the refarming in 900-MHz band from Vodafone and O2, which was allocated in 1985. The value of the returned spectrum is estimated at Rs 50,000 crore. In the US, in 2004, the regulator had directed re-farming between two operators. In Argentina, Chile and Peru, too, the excess spectrum of 20-35 MHz has been returned/reallocated.

The available and the returned spectrum will allow commencement of GSM services by four new operators. This will lead to accelerated growth, lower tariffs and better coverage. This will also yield Rs 6,500 crore as entry fee and up to Rs 20,000 crore as direct and indirect taxes to the government on full roll-out of network by the new operators.

To summarise: spectrum allocation has to be done in an on-going manner to ensure efficiency. As the Telecom Commission's report says, there is no case for any additional allotment. Operators should return excess spectrum of 50 MHz in three to six months. Re-farm 900 MHz band and equally distribute it among the existing and new operators. The resultant increase in competition will mean advantage for consumers as well as the government. ■

Operators should return excess spectrum of 50 MHz across circles in three to six months

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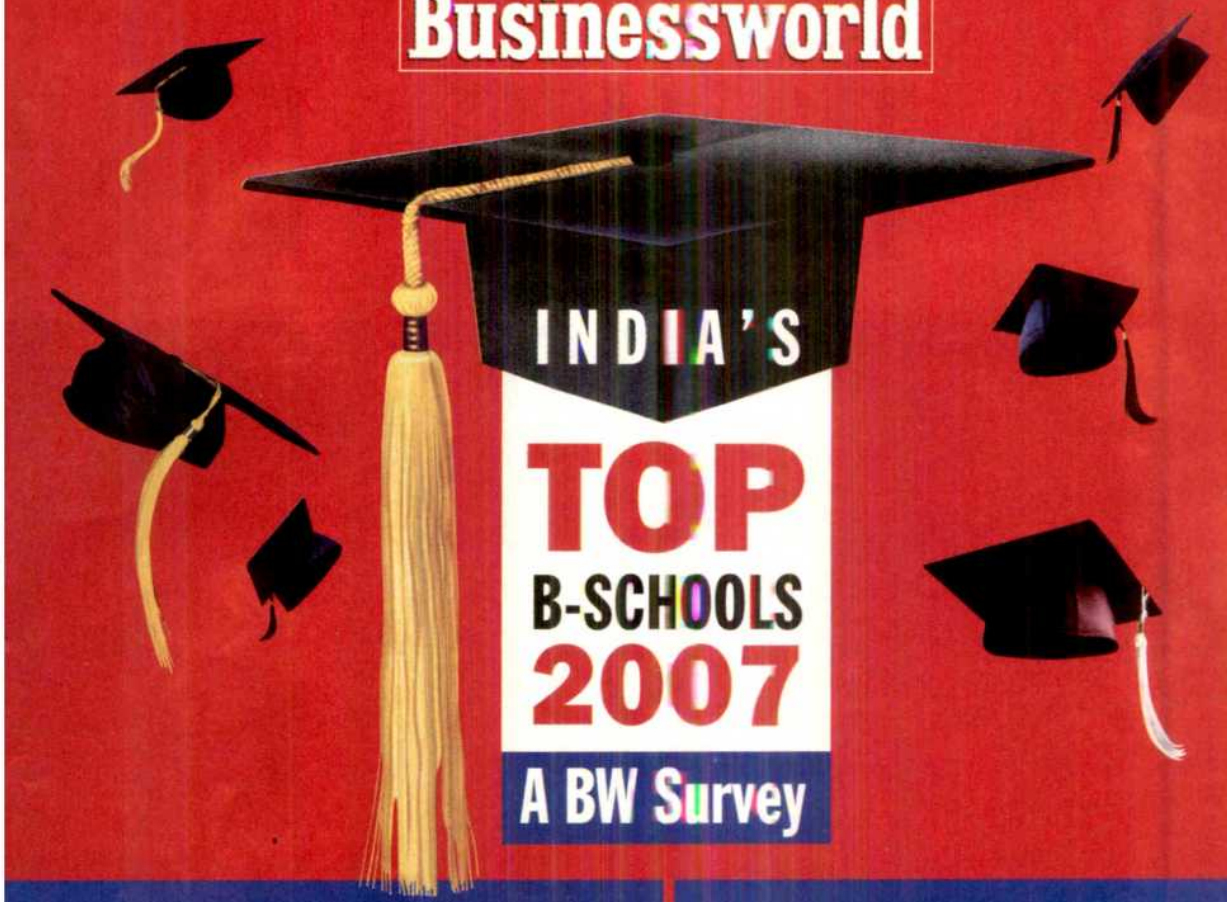

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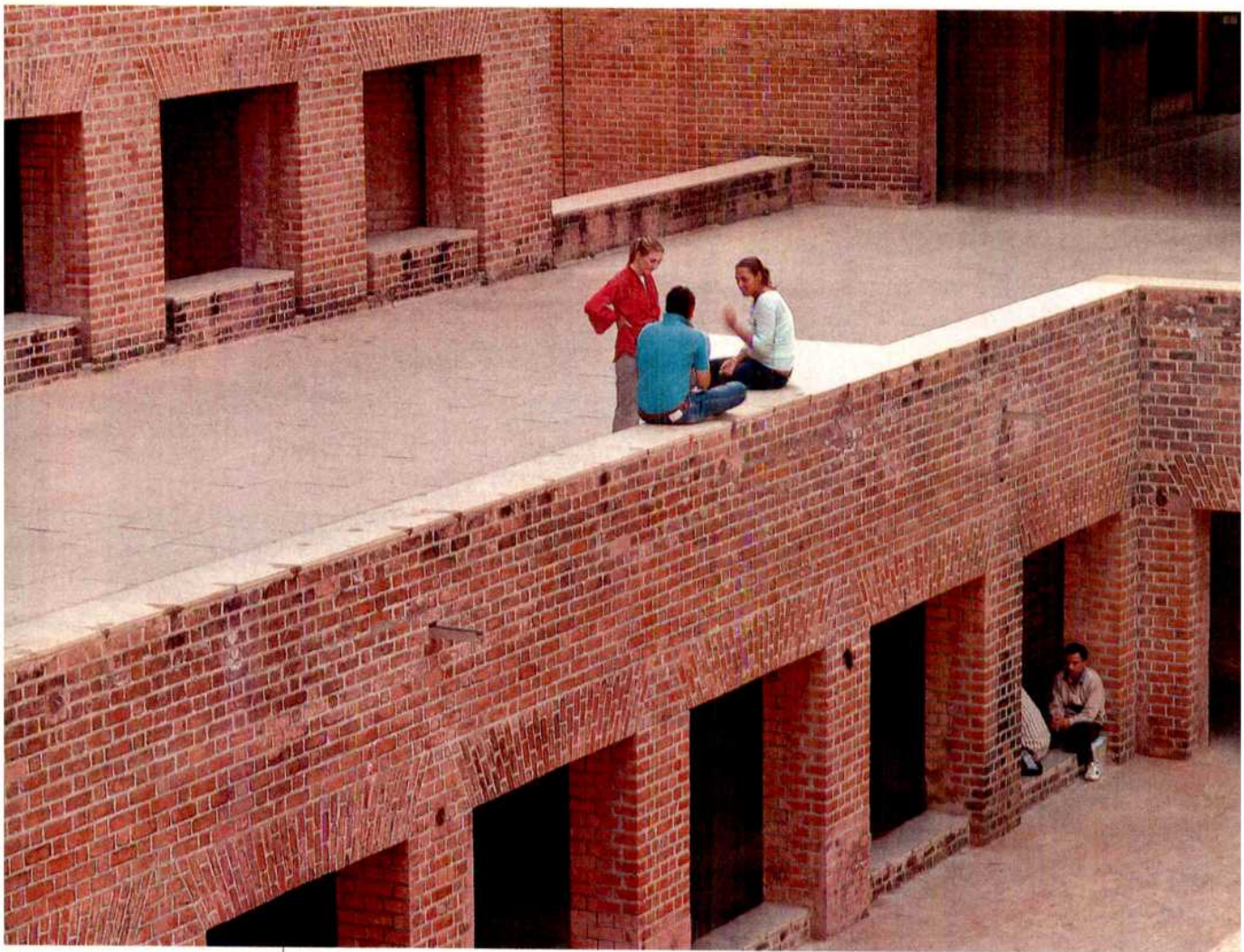
cover story

India's best



SANJIT KUNDU

IIM, AHMEDABAD
leads in 'living experience' but lags in 'learning experience'

SOME things just do not change. Once again it's the Indian Institute of Management (IIM), Ahmedabad that tops the *BW*-GfK Mode B-school Survey this year. Three other IIMs have made it to the top 10. IIM Bangalore has not been ranked because it did not share its placement data, along with data on some other sub-parameters, though it did send in its entry.

The 2007 survey has thrown in a few surprises in the Top 10 as compared with the 2005 survey. Xavier Institute of Management (XIM), Bhubaneshwar and IMT Ghaziabad have slipped out of the Top 10. XIM is ranked 13th and IMT 12th this year.

The stunner this time was the Loyola Institute of Business Management, Chennai, which has made its way to the Top 20 for the first time. It shot up 15 ranks from 35 in 2005 to 20this year. Alliance Business Academy, Bangalore has shot up 10 ranks from 25 in 2005 to 15 this year. The Shailesh J Mehta School of Management, IIT Mumbai, which was ranked 13th in 2004, has slipped to the 18th rank this year.

While in the 2005 survey the IIMs collectively decided to stay away from all B-school

B-schools

BW's survey of the best business schools in India is reassuring as well as surprising.

By Anup Jayaram

A+ Achievers Institutes that scored over 700 form the top tier of India's business schools

Rank 2007	Rank 2005	Institute	Grand total
			Maximum score 1,000
1	DNP	Indian Institute of Management, Ahmedabad	794.0
2	DNP	Indian Institute of Management, Kolkata	748.0
3	2	Xavier Labour Relations Institute, Jamshedpur	743.5
4	DNP	Indian Institute of Management, Kozhikode	738.0
5	1	Management Development Institute, Gurgaon	733.0
6	DNP	Faculty of Management Studies, Delhi	732.0
7	DNP	Indian Institute of Management, Lucknow*	731.0
8	4	National Institute of Industrial Engineering, Mumbai	726.0

DNP: Did not participate Grand total has maximum 1,000 marks. For full table, go to page 36 *IIM Lucknow did not provide the placement data. Therefore, the score for placements and return on investment could not be calculated for the institute.The overall score for the institute was calculated on the basis of three parameters — living experience, learning experience and international exposure — for which the data was provided. The total score for the institute was 402 out of a maximum score of 550 (after subtracting the maximum score for placements and ROI from 1,000).The percentage score for the institute (402/550*100) was converted into points out of 1000.

surveys, this year the four IIMs and the Faculty of Management Studies (FMS), Delhi, which stayed away in 2005, participated.

Jamnalal Bajaj School of Management, Mumbai and Institute of Rural Management, Anand, which did not participate in the 2005 survey, stayed away this time as well. Other notable absentees include the Department of Management Studies, IIT Delhi, ICFAI Business School, Hyderabad and Mudra Institute of Communication, Anand. Fore School of Management, Delhi, which was in the Top 10 last time, too, decided to stay out of the survey.

This year's survey, conducted by GfK-Mode Consumer Research, has some new features. We have always followed only a facility audit methodology. This year, to make the survey more comprehensive, an additional module has been incorporated — an employers' perception audit. While the facility audit is still the core of the B-school ranking, this module supplements the main survey.

The facility audit comprises living experience, learning experience, placements, return on investment and international exposure. Each of these modules has a series of sub-modules. While two schools may end up with similar score in the facility audit, there is usually a huge difference in the ranking within the various parameters.

In case of placements, the top 10 institutes are bunched together at the top. Only SP Jain Institute of Management & Research, Mumbai does not make it to the top 10. It cuts in at No. 12. Among the top 10, IIM Ahmedabad and IIM Kolkata lead in living experience. However, FMS, Delhi, the sixth best school overall, is ranked 88th among the 93 institutes in living experience. IIM Kozhikode, which is ranked overall fourth in the facility audit ranks, is only 43rd in living experience.

While the IIMs have fared well in living

List of top 10 institutes in employers' perception

Rank	Institute	Overall quality
1	IIM, Ahmedabad	8.43
2	IIM, Kolkata	8.00
3	IIM, Bangalore	7.92
4	Xavier Labour Relations Institute, Jamshedpur	7.73
5	Faculty of Management Studies, Delhi	7.67
6	Symbiosis Institute of Business Management, Pune	7.60
7	Management Development Institute, Gurgaon	7.25
8	SP Jain Institute of Management Studies, Mumbai	7.18
9	IIM, Lucknow	7.15
10	International Management Institute, Delhi	7.10

Overall score is weighted average of scores in seven parameters. Maximum score is 10.
For full table, go to page 62
Source: BW-GfK Mode B-school Survey 2007

IIM, KOLKATA
ranks low in 'learning experience'

experience, that is not evident in the case of learning experience. The scores are modest, to say the least. IIM Ahmedabad is ranked No. 9 in learning experience with a 70 per cent score. The other three IIMs — Kozhikode, Kolkata and Indore — make it to the lowest-ranked schools among the top 10 in learning experience. That could be a cause for worry. IIM Kolkata with 61 per cent is ranked at No. 29, IIM Indore at 32 and IIM Kozhikode at 34. However, all the non-IIM institutes in the Top 10 scored at least 65 per cent, with MDI Gurgaon leading the rankings with 79 per cent. Xavier Labour Research Institute (XLRI), Jamshedpur came in second with 78 per cent and NITIE Mumbai third with 75 per cent. MDI Gurgaon gained a lot due to the high score in the research and industry orientation of its faculty.

There is an interesting twist to the lower ranking of the IIMs in learning experience. IIM Ahmedabad, IIM Kolkata and IIM Kozhikode got zero in faculty training. That also applies to FMS, Delhi; MDI Gurgaon; and XLRI. In case of the IIMs, it is their faculty that conducts workshops for other institutes. MDI takes the lead in learning experience because of high rating in the quality of teaching.

In international exposure, IIM Ahmedabad and MDI Gurgaon are the leaders. Among the leaders, the lowest ranking in international exposure goes to IIM Indore. In return on investment, IIM Kozhikode and FMS Delhi scored 100 per cent. National Institute of Industrial Engineering, Mumbai, was the lowest among the top 10. After all, that will mean a better return on investment for them in the years to come. However, for an IIM student, the institution is anyway ranked at the top. So there is no incentive to boost its rank.

That is evident in the rating by the employers. GfK-Mode Consumer Research, which conducted the *BW*-GfK Mode B-school Survey 2007

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spoke to 53 companies that were the most aggressive in hiring MBAs. These companies listed all the institutes they visited over the past five years and then rated the students. Amity Business School, Noida got ratings from 17 employers and topped the list followed by MDI Gurgaon with 16 and Symbiosis Institute of Business Management, Pune with 15. IIM Ahmedabad, which topped the facility audit, got rated by 14 employers, while IIM Kolkata got 13 and IIM Bangalore received 12.

Most of the better B-schools are in the big cities. As our survey shows, 22 out of the top 30 institutes are in the major metros. It's high time there were better equipped B-schools in smaller towns.

There is an urgent need to widen the presence of high-quality business schools across the country. With IIMs in Kozhikode and Indore, some of that has been resolved. However, a big step in this direction was taken recently when work started on the seventh IIM in the country at Shillong. While Assam wanted the IIM at Guwahati, Meghalaya pitched for Shillong. Initially, the institute will function from the Mayurbhanj complex of the North Eastern Hill University at Nongthymmai. The state government has already handed over 80 acres of land for the permanent campus at Mawdiangdiang.

Despite our best efforts, some prominent B-schools have not been included. Among the most important schools not covered is the Indian School of Business (ISB), Hyderabad. Since our survey covers the two-year business management course, we have not been able to include ISB. Hopefully, by the time you get to read the next survey, that omission should be covered. Also, we should be in a position to convince all the schools that did not participate this year to join in next time.

A lot of your attention will be on the tables that list the top B-schools. However, as part of the 50-page B-school package that we have for you is a series of interesting stories. This includes mid-career MBAs, hiring and grooming non-MBAs and the help provided by alumni networks. Since MBA is quite trying, we also have a piece on how to have some fun while at B-school. ■

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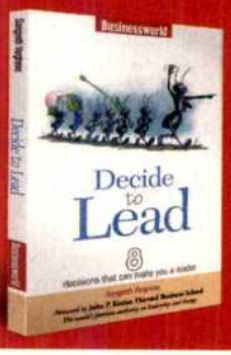

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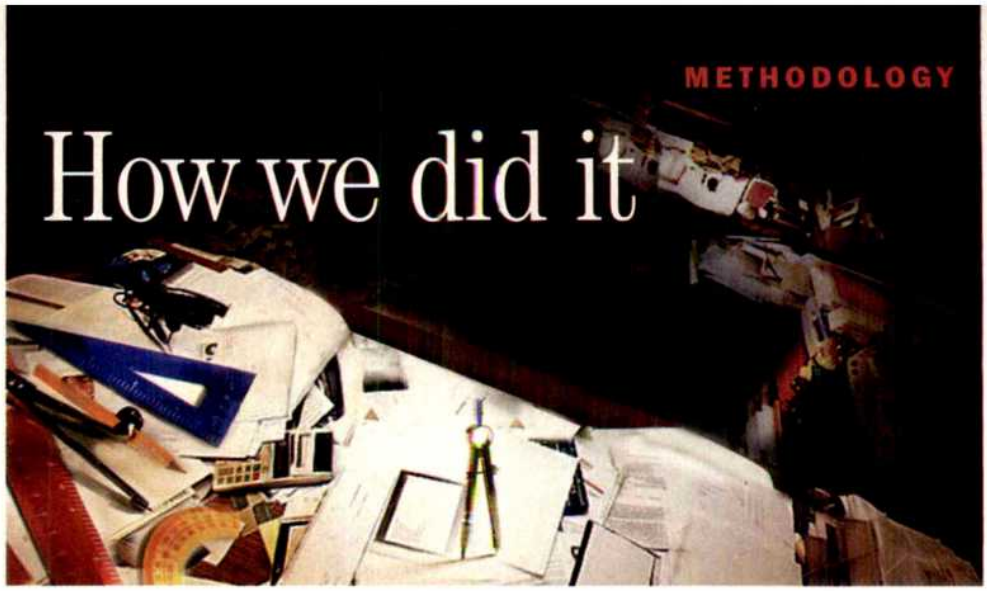
INDIA'S TOP B-SCHOOLS 2007 A BW Survey

METHODOLOGY

How we did it



QUESTIONNAIRES for the BW-GfK-Mode B-school Survey were sent to 202 business schools. Advertisements inviting participation were also published in *BW*. Ninety six schools sent back completed questionnaires. All of these were visited and 2,000 students were interviewed to verify the information given in the questionnaire.

BW has followed the facility audit methodology for rating. The scoring was done on five parameters, each with different weights (see 'Parameters And Scores'). The survey was restricted to institutes not less than three years old and those that offer a two-year full-time PG management course recognised by the AICTE, a university or a similar body.

Over the years, *BW's* best B-schools survey has gained breadth. Some of the premier schools — four IIMs and FMS Delhi — which did not take part in 2005, participated this time. IIM-Bangalore was not ranked in the facility audit survey because it refused to share complete data. Jamnalal Bajaj and IRMA, which did not participate in the 2005 survey, chose to stay away this time as well.

To give more depth to the survey, we have introduced an additional module: employers' perception. For this ranking, we asked 53 MBA recruiters about the campuses they had visited recently (see 'Weights For Perception Module'). Some employers had visited a large number of institutes, others only one or two. So, not all institutes got a sufficient sample base of employers rating them and some institutes, such as IIM-Indore, could not be ranked because very few employers interviewed had visited their campuses. While our main facility audit survey is transparent, the additional module is fraught with biases since it is based on perception, not facts. So, it can be read only against the main survey. ■

Weights for perception module

Companies were asked to rate the institutes they had visited in the past five years on the following parameters.

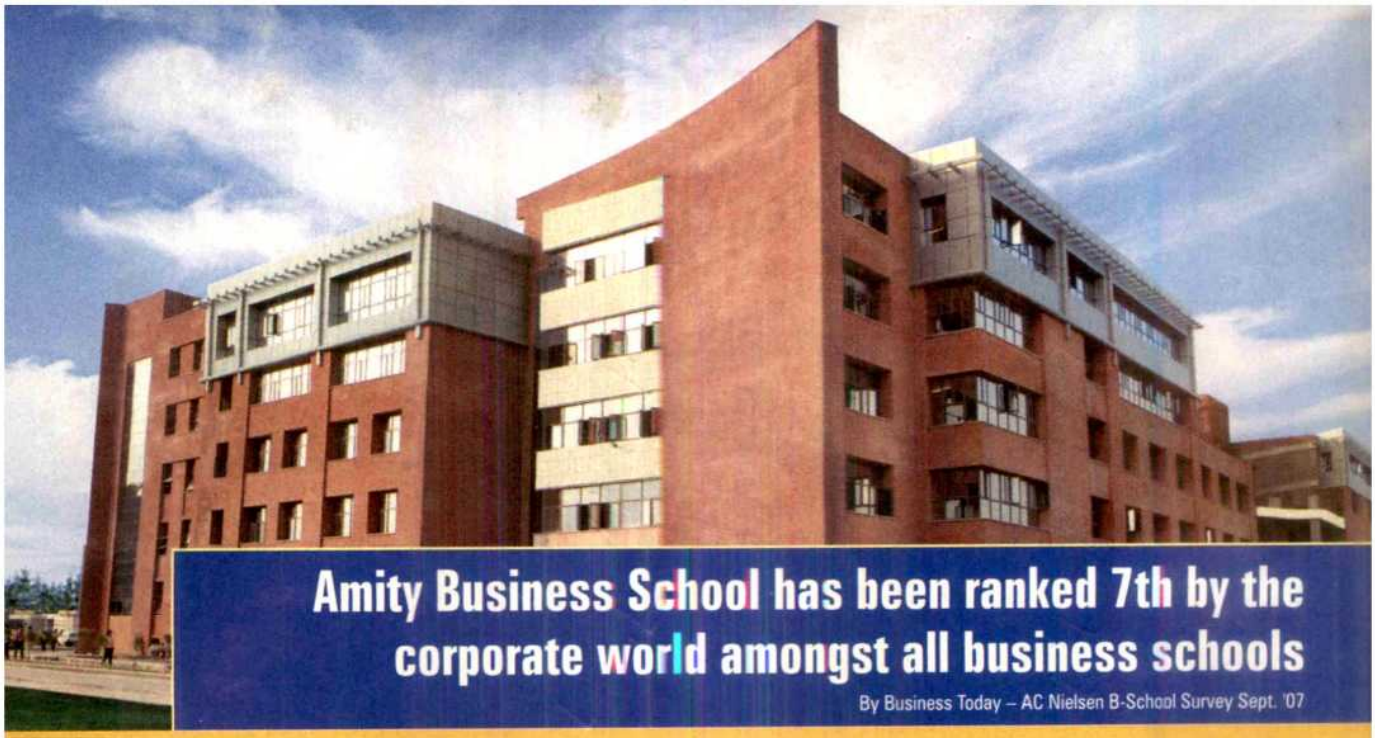
1	Overall quality
2	Level of knowledge
3	Communication skills
4	Commitment to work
5	Leadership qualities
6	Interpersonal skills
7	Performance

Parameters and scores

Parameters	Score
Living experience (campus infrastructure)	150
Learning experience (qualification and experience of faculty)	300
Placement experience (placement performance and salaries)	250
Return on investment (salaries received in comparison with the cost of the programme)	200
International exposure (tie-ups with foreign campuses and exchange programmes)	100
Total score	1,000

Full table on page 36; employer's perception ranking on page 62

Source: BW-GfK Mode B-school Survey 2007



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By Business Today – AC Nielsen B-School Survey Sept. '07

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- MBA - Insurance
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- MBA - Hospitality Management
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- MBA - Competitive Intelligence & Corporate Warfare
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Rich Intellectual Capital: Amity's distinguished faculty comprises of experienced academicians from leading institutions and corporate leaders with rich industry experience.

Most Hi-Tech Campus: Amity is the only pvt. University in the National Capital Region of New Delhi and is located on a sprawling hi-tech, 60 acre air-conditioned campus with over 2 million sq. ft. of buildings and world-class facilities like air-conditioned, amphitheatre style classrooms, group study rooms, imported furniture and equipment, air-conditioned multi-cuisine restaurants, ATM...

The Amity Business School has recently shifted into its new hi-tech building which has been made after benchmarking with top E-Schools around the world.

The on-campus 15 acres sports complex comprises of swimming pool, cricket and football ground, horse riding academy, 20 lane indoor shooting range, professional gym, tennis, squash, basketball, volleyball courts, yoga/aerobic rooms.

As India's first hi-tech smart campus, Amity has wireless broadband Internet connectivity of 20 MBPS with over 75 kms of Fibre Optic/LAN cable backbone structure. Each student is provided with a Smart Card for access control/e-wallet, etc.

Practical and Rigorous Curriculum: The curriculum at Amity is highly industry-oriented and is updated by Industry Advisory Boards with emphasis on all round personality enhancement. It also offers unique value addition courses like foreign languages, military training, golf, art appreciation, etc.

World-Class Hostel Facility: Amity has on-campus residential facilities for over 5,000 with choice for air-conditioned apartment suites each attached with bathrooms and sitting lounge equipped with cable TV, refrigerator etc., The hostel also has professional laundry, 24-hour Internet facilities, indoor games, shops and supervision by full-time wardens. There is an on-campus ambulance and tie-ups with top hospitals like Apollo.

Maximum Corporate Interaction: The industry interaction at Amity is more than any other institution. Over 700 CEOs and senior industry leaders have interacted with students through unique programmes like CEO Dinner Series, CEO's Forum, Guest Lectures etc. Amity has helped the corporate world and students interact with over 50 management gurus like Steven Covey, Philip Kotler and Tom Peters.

Excellent Placements: Thousands of Amity Alumni are studying or working in top organisations around the world. Over 2000 Students have got on-campus placements this year and over 500 students have been placed even one year before graduating.

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INDIA'S TOP B-SCHOOLS 2007
A BW Survey

Overall

	RANK 2007	RANK 2005	Institute	Grand total	Living exp
			Maximum scores	**1,000**	**150**
A+	1	DNP	Indian Institute of Management, Ahmedabad	794.0	150.0
A+	2	DNP	Indian Institute of Management, Kolkata	748.0	150.0
A+	3	2	Xavier Labour Relations Institute, Jamshedpur	743.5	120.0
A+	4	DNP	Indian Institute of Management, Kozhikode	738.0	110.0
A+	5	1	Management Development Institute, Gurgaon	733.0	130.0
A+	6	DNP	Faculty of Management Studies, Delhi	732.0	80.0
A+	7	DNP	Indian Institute of Management, Lucknow*	731.0	140.0
A+	8	4	National Institute of Industrial Engineering, Mumbai	726.0	140.0
A+	9	5	S.P. Jain Institute of Management & Research, Mumbai	697.0	147.0
A	10	DNP	Indian Institute of Management, Indore	686.0	140.0
A	11	3	Indian Institute of Foreign Trade, Delhi	680.0	140.0
A	12	DNP	Narsee Monjee Institute of Management Studies, Mumbai	675.5	110.0
A	13	8	Institute of Management Technology, Ghaziabad	668.5	120.0
A	14	6	Xavier Institute of Management, Bhubaneswar	667.0	120.0
A	15	25	Alliance Business Academy, Bangalore	635.0	90.0
A	16	DNP	Symbiosis Centre for Management And HRD, Pune	625.5	136.0
A	17	11	International Management Institute, Delhi	623.0	136.0
A	18	DNP	Shailesh J.Mehta School of Management, IIT Mumbai	614.0	140.0
A	19	20	K.J. Somaiya Institute of Management Studies and Research, Mumbai	608.0	133.0
A	20	35	Loyola Institute of Business Management, Chennai	571.5	140.0
A-	21	19	Wellingkar Institute of Management Development and Research, Mumbai	570.0	100.0
A-	22	26	IFMR, Chennai	566.0	120.0
A-	23	DNP	Symbiosis Institute of Management Studies, Pune	546.0	146.0
A-	24	17	Nirma Institute of Management, Ahmedabad	543.0	147.0
A-	25	15	Indian Institute of Forest Management, Bhopal	542.0	120.0
A-	25	21	Bharathidasan Institute of Management, Tiruchirapalli	541.5	110.0
A-	27	38	Prestige Institute of Management and Research, Indore	540.0	103.0
A-	28	DNP	Acharya Institute of Management and Sciences, Bangalore	537.0	130.0
A-	29	27	Regional College of Management, Bhubaneswar	535.0	100.0
A-	30	34	PSG Institute of Management, Coimbatore	527.5	116.0
A-	31	29	Institute of Management Studies, Ghaziabad	521.5	120.0
A-	32	DNP	Department of Business Management, Calcutta University, Kolkata	519.5	91.0
A-	33	13	T.A. Pai Management Institute, Manipal	518.0	87.0
A-	34	39	IISWBM, Kolkata	504.0	103.0
	35	59	Gian Jyoti Institute of Management and Technology, Mohali	499.0	120.0
	36	74	National Institute of Technology, Trichy	487.0	120.0
	37	14	Goa Institute of Management, Goa	485.0	97.0
	37	DNP	Indian School of Mines, Dhanbad	485.0	110.0
	39	48	Integrated Academy of Management and Technology, Ghaziabad	483.0	80.0
	40	51	College of Management Studies, Gitam, Visakhapatnam	482.0	110.0
	40	DNP	Punjab College of Technical Education, Ludhiana	482.0	86.0
	42	60	International Institute of Informatics & Management, Jaipur	479.0	110.0
	43	DNP	PES Institute of Technology, Bangalore	478.0	133.0
	44	DNP	Army Institute of Management, Kolkata	474.0	133.0
	44	DNP	Department of Management, Kurukshetra University	474.0	110.0
	46	DNP	MET's Institute of Management, Mumbai	466.0	80.0
	46	30	SIES College of Management Studies, Mumbai	466.0	100.0
	48	DNP	National Institute of Agricultural Marketing, Jaipur	463.5	130.0

* IIM Lucknow did not provide the placement data. Therefore, the score for placements and return on investment could not be calculated for the institute.The overall score for the institute was calcul score of 550(after subtracting the maximum score for placements and ROI from 1000).The percentage score for the institute (402/550*100)was converted into points out of 1000.;

rankings

Aggregate Scores				Segment Ranks				
Learning exp	Placements	Return on investment	International exposure	Living exp	Learning exp	Placements	Return on investment	International exposure
300	250	200	100					
211.0	207.0	150.0	76.0	1	9	2	16	1
183.0	209.0	150.0	56.0	1	29	1	20	10
233.5	180.0	150.0	60.0	26	3	6	9	6
178.0	194.0	200.0	56.0	43	34	4	3	10
236.0	167.0	125.0	75.0	20	1	8	22	2
201.0	199.0	200.0	52.0	88	14	3	1	15
197.0	NS	NS	65.0	6	18	NS	NS	5
224.0	182.0	125.0	55.0	6	6	5	30	14
194.0	156.0	150.0	50.0	3	21	12	11	16
179.0	172.0	150.0	45.0	6	32	7	17	22
196.0	159.0	125.0	60.0	6	19	9	25	6
235.5	159.0	125.0	46.0	43	2	9	53	21
232.5	120.0	125.0	71.0	26	4	17	46	3
209.0	157.0	125.0	56.0	26	10	11	39	10
194.0	155.0	125.0	71.0	76	21	13	49	3
226.5	122.0	125.0	16.0	14	5	16	40	28
216.0	89.0	125.0	57.0	14	7	27	57	9
166.0	138.0	150.0	20.0	6	48	14	5	26
209.0	91.0	125.0	50.0	17	10	23	31	16
185.5	90.0	100.0	56.0	6	27	24	69	10
201.0	84.0	125.0	60.0	62	14	30	55	6
194.0	102.0	100.0	50.0	26	21	18	63	16
183.0	67.0	150.0	0.0	5	29	44	13	64
168.0	93.0	125.0	10.0	3	43	21	35	41
170.0	127.0	125.0	0.0	26	40	15	28	64
207.5	89.0	125.0	10.0	43	13	27	27	41
212.0	60.0	150.0	15.0	57	8	56	19	31
194.0	53.0	150.0	10.0	20	21	68	12	41
199.0	95.0	125.0	16.0	62	16	20	32	28
173.5	82.0	125.0	31.0	39	37	33	26	23
198.5	88.0	100.0	15.0	26	17	29	15	31
178.5	50.0	200.0	0.0	75	33	75	2	64
189.0	82.0	150.0	10.0	83	26	33	7	41
159.0	90.0	125.0	27.0	57	54	24	54	25
167.0	62.0	150.0	0.0	26	46	52	4	64
134.0	83.0	150.0	0.0	26	82	32	6	64
164.0	84.0	125.0	15.0	67	51	30	38	31
178.0	62.0	125.0	10.0	43	34	52	24	41
173.0	90.0	125.0	15.0	88	38	24	52	31
160.0	62.0	100.0	50.0	43	53	52	76	16
208.0	48.0	125.0	15.0	85	12	81	37	31
157.0	62.0	150.0	0.0	43	59	52	14	64
170.0	50.0	75.0	50.0	17	40	75	86	16
158.0	58.0	125.0	0.0	17	55	64	45	64
164.0	50.0	150.0	0.0	43	51	75	8	64
196.0	65.0	125.0	0.0	88	19	46	47	64
167.0	64.0	125.0	10.0	62	46	50	49	41
130.5	102.0	100.0	1.0	20	85	18	68	62

n the basis of three parameters viz. Living Experience, Learning Experience and International Exposure for which the data was provided. The total score for the institute was 402 out of a maximum
DNP: Did not participate; NS: Not scored Source: BW-GfK Mode B-school Survey 2007

INDIA'S TOP B-SCHOOLS 2007 A BW Survey

Overall

RANK 2007	RANK 2005	Institute	Grand total	Living Exp
		Maximum scores	**1000**	**150**
49	47	School of Communication and Management Studies, Cochin	462	97
50	43	Institute of Management Studies, Indore	459	110
51	DNP	Guru Nanak Institute of Management and Technology, Ludhiana	457	90
52	28	Institute for Technology and Management, Mumbai	451	87
52	50	RIMS Institute of Management Studies, Rourkela	451	110
52	64	BLS Institute of Management, Ghaziabad	451	90
55	DNP	K.S.R. Business School, Tiruchengode	449	116
56	56	Rajagri School of Management, Cochin	448	130
57	49	ICFAI Business School, Kolkata	444	93
58	31	GITAM Institute of Foreign Trade, Visakhapatnam	440	110
58	54	Institute for Technology and Management, Chennai	440	88
60	DNP	Karunya School of Management, Coimbatore	439	120
60	98	Neville Wadia Institute of Management Studies and Research, Pune	439	123
62	89	Maharaja Agrasen Institute of Management Studies & Research, Haryana	436	103
62	80	United Institute of Management, Allahabad	436	120
64	DNP	Allana Institute of Management Sciences, Pune	434	140
65	57	N.L. Dalmiya Institute of Management Studies and Research, Mumbai	433	100
66	37	Graduate School of Business & Administration, Greater Noida	432	90
67	36	Jagan Institute of Management Studies, New Delhi	428	105
68	DNP	Indian Centre for Management and HRD, Pune	419	123
69	87	Integral Institute for Advanced Management, Visakhapatnam	418	90
69	DNP	Velammal College of Management and Computer Science, Chennai	418	140
71	96	Indian Centre For Telecom and Management, Pune	416	116
71	DNP	Suryadatta Institute of Management , Pune	416	108
73	DNP	NIILM Centre for Management Studies, New Delhi	414	136
74	DNP	Jansons School of Business, Coimbatore	412	117
75	DNP	Vaikunth Mehta National Institute of Co-operative Management, Pune	406	120
76	73	Institute of Public Enterprise, Hyderabad	393	70
77	33	Skyline Business School, Delhi	390	118
78	DNP	Maharishi Arvind Institute of Science and Management, Jaipur	389	106
79	95	Delhi School of Professional Studies and Research, Delhi	385	95
80	DNP	Institute of Technology and Science, Ghaziabad	384	90
80	DNP	Sona School of Management, Salem	384	107
82	DNP	Bhartiya Vidya Bhavan Institute of Management Science, Kolkata	383	92
83	63	Institute of Finance and International Management, Bangalore	381	97
84	41	Institute of Rural Management, Jaipur	379	116
85	62	Siva Sivani Institute of Management, Secunderabad	370	103
86	46	Xavier Vignana Jyothi Institute of Management, Secunderabad	364	60
86	78	Ambedkar Institute of Management Studies, Visakhapatnam	364	25
88	55	Apeejay School of Management, Delhi	363	103
89	77	Institute of Productivity and Management, Ghaziabad	360	73
90	DNP	Institute of Business Management and Technology, Bangalore	354	93
91	DNP	Biju Patnaik Institute of IT and Management Studies, Bhubaneswar	348	80
92	DNP	M.O.P Vaishnav College For Women, Chennai	336	75
93	83	Eastern Institute of Management, Kolkata	326	83
94	91	Institute of Management Studies, NOIDA	306	100
95	76	Institute of Science and Management, Ranchi	305	83
96	85	Tilak Raj Chadha Institute of Management and Technology, Yamunanagar	304	92

DNP: Did not participate; NS: Not scored
Source: BW-Gfk Mode B-school Survey 2007

rankings

Aggregate Scores				Segment Ranks				
Learning Exp	Placements	Return on Investment	International Exposure	Living Exp	Learning Exp	Placements	Return on Investment	International Exposure
300	250	200	100					
1190	60	100	15	67	25	56	75	31
131	68	150	0	43	84	43	61	64
154	63	150	0	76	62	51	10	64
149	75	125	15	83	69	37	51	31
176	65	100	0	43	36	46	74	64
153.5	72	125	10	76	63	39	29	41
165	43	125	0	39	50	85	44	64
155	47	100	16	20	61	83	67	28
184.5	56	100	10	71	28	66	77	41
153	92	75	10	43	65	22	79	41
156.5	60	125	10	82	60	56	33	41
142	52	125	0	26	76	71	36	64
119	42	150	5	24	88	87	18	60
158	40	125	10	57	55	88	34	41
144.5	46	125	0	26	73	84	21	64
157	37	100	0	6	58	91	65	64
123	75	125	10	62	86	37	41	41
149.5	77	100	15	76	68	36	73	31
157.5	65	100	0	56	57	46	59	64
136	60	100	0	24	81	56	66	64
143	50	125	10	76	74	75	58	41
151	27	100	0	6	67	95	72	64
173	52	75	0	39	38	71	85	64
148	35	125	0	53	71	93	56	64
168	70	25	15	14	43	40	92	31
151.5	57	75	11	38	66	65	78	40
119	37	125	5	26	88	91	48	60
143	50	100	30	94	74	75	71	24
139	38	75	20	37	79	89	88	26
105	53	125	0	55	94	67	42	64
132	48	100	10	70	83	80	60	41
166	53	75	0	76	48	68	81	64
141	60	75	1	54	77	56	84	62
145.5	45	100	0	73	72	84	62	64
168.5	80	25	10	67	42	35	94	41
117.5	70	75	0	39	91	40	87	64
140	52	75	0	57	78	70	80	64
149	70	75	10	95	69	40	83	41
153.5	60	125	0	96	63	56	43	64
181.5	43	25	10	57	31	85	95	41
138.5	38	100	10	93	80	89	70	41
108.5	67	75	10	71	92	44	88	41
108	60	100	0	88	93	56	64	64
77	59	125	0	92	96	63	23	64
168	50	25	0	86	43	74	91	64
79	52	75	0	62	95	70	88	64
118.5	28	75	0	86	90	94	82	64
121.5	65	25	0	73	87	46	93	64

Living experience

SEGMENT RANK	Institute	Segment total	Location	Type of accommodation	Student / room ratio	Dining facility	Medical services	Recreational facilities	Access to telephone	Travel desk
	Maximum scores	**150**	**40**	**20**	**10**	**10**	**10**	**40**	**10**	**10**
1	Indian Institute of Management, Ahmedabad	150	40	20	10	10	10	40	10	10
1	Indian Institute of Management, Kolkata	150	40	20	10	10	10	40	10	10
3	S.P. Jain Institute of Management & Research, Mumbai	147	40	20	10	10	7	40	10	10
3	Nirma Institute of Management, Ahmedabad	147	40	20	10	10	7	40	10	10
5	Symbiosis Institute of Management Studies, Pune	146	40	20	6	10	10	40	10	10
6	Indian Institute of Management,Lucknow	140	30	20	10	10	10	40	10	10
6	National Institute of Industrial Engineering, Mumbai	140	40	20	10	10	10	40	10	0
6	Indian Institute of Management, Indore	140	40	20	10	10	10	30	10	10
6	Indian Institute of Foreign Trade, Delhi	140	40	20	10	10	10	30	10	10
6	Shailesh J. Mehta School of Management, IIT Mumbai	140	40	20	10	10	10	40	10	0
6	Loyola Institute of Business Management, Chennai	140	40	20	10	10	10	40	10	0
6	Allana Institute of Management Sciences, Pune	140	40	20	10	10	10	40	10	0
6	Velammal College of Mgmtt And Comp. Science, Chennai	140	40	20	10	10	10	40	10	0
14	Symbiosis Centre for Management And HRD, Pune	136	40	20	6	10	10	40	10	0
14	International Management Institute, Delhi	136	40	20	6	10	10	40	10	0
14	NIILM Centre for Management Studies, New Delhi	136	40	20	6	10	10	40	10	0
17	K.J. Somaiya Inst. of Mgmt Studies & Research, Mumbai	133	40	20	3	10	10	40	10	0
17	PES Institute of Technology, Bangalore	133	40	20	6	10	7	30	10	10
17	Army Institute of Management, Kolkata	133	40	20	6	10	7	40	10	0
20	Management Development Institute, Gurgaon	130	40	20	10	10	10	30	10	0
20	Acharya Institute of Management and Sciences, Bangalore	130	40	10	10	10	10	30	10	10
20	National Institute of Agricultural Marketing, Jaipur	130	30	20	10	10	10	30	10	10
20	Rajagri School of Management, Cochin	130	30	20	10	10	10	40	10	0
24	Neville Wadia Inst. of Mgmt Studies and Research, Pune	123	40	20	3	10	10	30	10	0
24	Indian Centre for Management and HRD, Pune	123	40	20	3	10	10	30	10	0
26	Xavier Labour Relations Institute, Jamshedpur	120	10	20	10	10	10	40	10	10
26	Institute of Management Technology, Ghaziabad	120	10	20	10	10	10	40	10	10
26	Xavier Institute of Management, Bhubaneswar	120	20	20	10	10	10	40	10	0
26	Institute for Financial Management and Research, Chennai	120	40	20	10	10	10	20	10	0
26	Indian Institute of Forest Management, Bhopal	120	20	20	10	10	10	30	10	10
26	Institute of Management Studies, Ghaziabad	120	10	20	10	10	10	40	10	10
26	Gian Jyoti Institute of Mgmt and Technology, Mohali	120	40	10	3	10	7	30	10	10
26	National Institute of Technology, Trichy	120	10	20	10	10	10	40	10	10
26	Karunya School of Management, Coimbatore	120	10	20	10	10	10	40	10	10
26	United Institute of Management, Allahabad	120	10	20	10	10	10	40	10	10
26	Vaikunth Mehta National Inst. of Co-operative Mgmt, Pune	120	40	20	10	10	10	20	10	0
37	Skyline Business School, Delhi	118	40	5	6	10	7	40	10	0
38	Jansons School of Business, Coimbatore	117	10	20	10	10	7	40	10	10
39	PSG Institute of Management, Coimbatore	116	10	20	6	10	10	40	10	10
39	K.S.R.Business School, Tiruchengode	116	10	20	6	10	10	40	10	10
39	Indian Centre For Telecom and Management, Pune	116	40	10	6	10	10	30	10	0
39	Institute of Rural Management, Jaipur	116	30	10	6	10	10	30	10	10
43	Indian Institute of Management, Kozhikode	110	10	20	10	10	10	30	10	10
43	Narsee Monjee Institute of Management Studies, Mumbai	110	40	10	10	10	10	10	10	10
43	Bharathidasan Institute of Management, Tiruchirapalli	110	10	20	10	10	10	40	10	0
43	Indian School of Mines, Dhanbad	110	10	20	10	10	10	40	10	0
43	College of Management Studies, Gitam, Visakhapatnam	110	10	20	10	10	10	40	10	0
43	International Institute of Informatics & Mgmt, Jaipur	110	30	20	3	10	7	30	10	0

Source: BW-GfK Mode B-school Survey 2007

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Bangalore, India.

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What factors come into play when you are deciding on the right educational institution with a suitable MBA programme? One deciding aspect is the MBA degree's international accreditation, while the actual programme should match the student's lifestyle.

SGSM Swiss Graduate School of Management has been known by its academic excellence and student achievement on the graduate level in business and management. Since the day it was established, SGSM Swiss Graduate School of Management is truly focused on the world, giving its students the opportunity to operate with ease across borders and cultures in an environment that prizes diversity and the ability to bring a worldwide perspective to the study of business. The collaboration with different international educational institutions gives SGSM Swiss Graduate School of Management an international character.

The SGSM Swiss Graduate School of Management offers two types of MBA programmes: the Full-Time MBA and Executive MBA. These MBA programmes are in high demand with professionals.

Our MBA programmes are based on a common curriculum with extensive attention placed on the fields of specialization. They are EQUA programmes, meaning they are accredited, affordable and they are relevant in today's world - making them applicable. The faculty at SGSM Swiss Graduate School of Management combines teaching with professional practice. The combination of theory with a practical approach gives participants a first-class ticket to knowledge and success.

Class 2007-09 Batch V

The Full-Time MBA offers the following specializations: International Management, Marketing, Entrepreneurship, Global Finance and Banking, Hospitality Management, Human Resources Management and E-Business.

The Executive MBA programme is designed with a purpose to provide future managers with the latest approaches to leadership and the conditions for development. All students have a minimum of five years' work experience and hold managerial positions in companies. The program consists of five terms. Classes are held on Saturdays, making it easier to study for managers with full-time jobs. Students are required to work in teams on case studies, with an emphasis on developing interpersonal and managerial skills and to use the knowledge immediately on the job.

SGSM Swiss Graduate School of Management, with its core value of life-long learning, provides students with an interactive educational environment and a dynamic mix of innovative and traditional strategies, in INDIA for Indian and International students, as well as internationally, through Dual programs organized together with partner institutions abroad.

SGSM Swiss Graduate School of Management, SGSM Campus, 175, GEAR Road, Off Sarjapur Road & Outer Ring Road, Doddakannelli Bangalore -560 035. For more details contact : 080 28440099 or e-mail to info@sgsm.ac.in website : www.sgsm.ac.in

ADVTG

Living experience

SEGMENT RANK	Institute	Segment total	Location	Type of accommodation	Student / room ratio	Dining Facility	Medical services	Recreational facilities	Access to telephone	Travel desk
	Maximum scores	**150**	**40**	**20**	**10**	**10**	**10**	**40**	**10**	**10**
43	Department of Management, Kurukshetra University	110	10	20	10	10	10	40	10	0
43	Institute of Management Studies , Indore	110	40	20	3	0	7	30	10	0
43	RIMS Institute of Management Studies, Rourkela	110	10	20	10	10	10	40	10	0
43	GITAM Institute of Foreign Trade, Visakhapatnam	110	10	20	10	10	10	40	10	0
53	Suryadatta Institute of Management , Pune	108	40	5	6	10	7	30	10	0
54	Sona School of Management, Salem	107	10	20	10	10	7	40	10	0
55	Maharishi Arvind Institute of Science and Mgmt, Jaipur	106	30	10	6	10	10	30	10	0
56	Jagan Institute of Management Studies, New Delhi	105	40	5	3	10	7	30	10	0
57	Prestige Institute of Management and Research, Indore	103	40	10	6	10	7	20	10	0
57	Indian Inst. of Social Welfare and Business Mgmt, Kolkata	103	40	20	3	10	10	10	10	0
57	Maharaja Agrasen Inst. of Mgmt St. & Research, Haryana	103	10	20	6	10	7	40	10	0
57	Siva Sivani Institute of Management, Secunderabad	103	40	20	6	10	7	20	0	0
57	Apeejay School of Management, Delhi	103	40	10	3	10	10	20	10	0
62	Wellingkar Institute of Mgmt Dev. and Research, Mumbai	100	40	10	3	10	7	20	10	0
62	Regional College of Management, Bhubaneswar	100	20	20	10	10	10	10	10	10
62	SIES College of Management Studies, Mumbai	100	40	10	3	10	7	20	10	0
62	NL Dalmiya Inst. of Mgmt Studies and Research, Mumbai	100	40	10	3	10	7	20	10	0
62	Institute of Management Studies, NOIDA	100	10	20	3	10	7	40	10	0
67	Goa Institute of Management, Goa	97	10	20	10	10	7	30	10	0
67	School of Communication and Mgmt Studies, Cochin	97	30	20	10	10	7	10	10	0
67	Institute of Finance and International Mgmt, Bangalore	97	40	10	10	10	7	10	10	0
70	Delhi School of Professional Studies and Research, Delhi	95	40	5	3	10	7	20	10	0
71	ICFAI Business School, Kolkata	93	40	10	3	10	10	10	10	0
71	Institute of Business Mgmt and Technology, Bangalore	93	40	10	6	10	7	10	10	0
73	Bhartiya Vidya Bhavan Institute of Mgmt Science, Kolkata	92	40	5	0	0	7	30	10	0
73	Tilak Raj Chadha Inst. of Mgmt and Tech., Yamunanagar	92	10	5	10	10	7	40	10	0
75	Dept of Business Mgmt, Calcutta University, Kolkata	91	40	5	6	10	10	10	10	0
76	Alliance Business Academy, Bangalore	90	40	10	10	0	10	10	10	0
76	Guru Nanak Institute of Mgmt and Technology, Ludhiana	90	10	10	3	10	7	40	10	0
76	BLS Institute of Management, Ghaziabad	90	10	10	10	10	10	20	10	10
76	Graduate School of Business & Admn, Greater Noida	90	10	20	10	10	10	20	10	0
76	Integral Institute for Advanced Mgmtt, Visakhapatnam	90	10	10	3	10	7	40	10	0
76	Institute of Technology and Science, Ghaziabad	90	10	20	10	10	0	30	10	0
82	Institute for Technology and Management, Chennai	88	40	5	6	10	7	10	10	0
83	T.A. Pai Management Institute, Manipal	87	10	10	10	10	7	30	10	0
83	Institute for Technology and Management, Mumbai	87	40	10	0	10	7	10	10	0
85	Punjab College of Technical Education, Ludhiana	86	10	10	6	10	10	30	10	0
86	Eastern Institute of Management, Kolkata	83	40	5	3	10	5	10	10	0
86	Institute of Science and Management, Ranchi	83	20	10	6	10	7	20	10	0
88	Faculty of Management Studies, Delhi	80	40	10	3	0	7	10	10	0
88	Integrated Academy of Mgmt and Technology, Ghaziabad	80	10	10	10	0	10	30	10	0
88	MET's Institute of Management, Mumbai	80	40	0	0	0	10	20	10	0
88	Biju Patnaik Inst. of IT and Mgmt Studies, Bhubaneswar	80	20	20	3	10	7	10	10	0
92	M.O.P Vaishnav College For Women, Chennai	75	40	0	0	10	5	10	10	0
93	Institute of Productivity and Management, Ghaziabad	73	10	20	6	10	7	10	10	0
94	Institute of Public Enterprise, Hyderabad	70	40	0	0	0	0	20	10	0
95	Xavier Vignana Jyothi Institute of Mgmt, Secunderabad	60	40	0	0	0	0	10	10	0
96	Ambedkar Institute of Mgmt Studies, Visakhapatnam	25	10	5	3	0	7	0	0	0

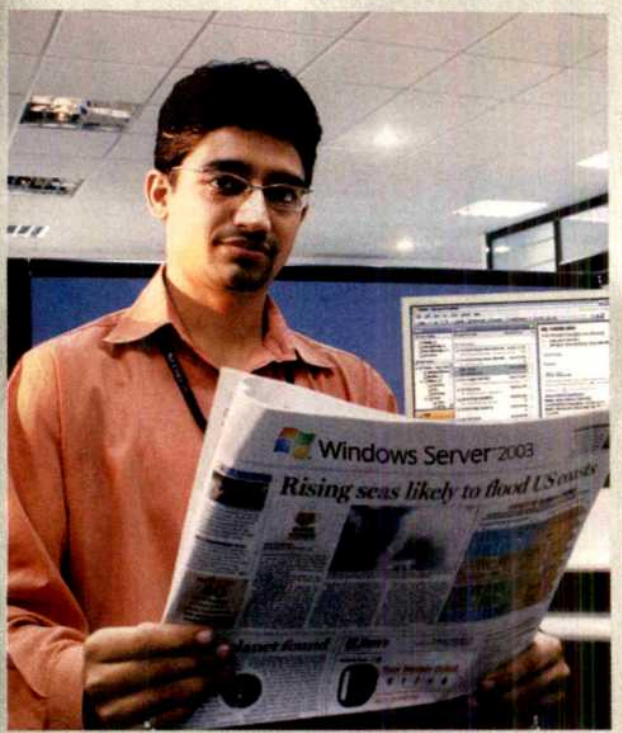
Source: BW-GfK Mode B-school Survey 2007

The Highly Reliable Times

VOLUME 1 – ISSUE 2

Windows Server 2003

WINDOWS CLICKS WITH NET4INDIA OVER LINUX



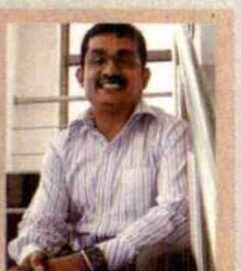
Ashok Choudhary for The Highly Reliable Times

Net4India manages its multitude of internet based services efficiently with a strong IT backbone.

VALLI SPEAKS OUT:

"Customers are looking for millisecond response times which the Linux and MySQL was unable to cope with. We wanted our Web servers to return queries in milliseconds. This has been achieved by the new application running on SQL Server 2005 and Microsoft .NET Framework 3.0,"

- Desi S Valli, ED & COO, Net4India.



Millisecond customer response made possible by a reliable communication platform

By C. LAL

NEW DELHI, Nov. 2007 - Net4India is the leading pan-India IP communications company and the only Indian Internet communications company with service provisioning ability on a multitude of Internet based services such as domain registration, Web hosting, data center operations, business e-mail solutions, Internet telephony services and Internet access services.

Net4India had built its portal on open standards i.e. Linux as the operating system and MySQL as the database. However problems plagued this arrangement, right from slow lead time affecting customer experience to unreliable web environment that required the team to constantly develop updates. Net4India required a scalable, reliable and secure solution to manage its operations

Which is why, Net4India turned to the Microsoft® .NET Framework 3.0 programming model. The Technology team used Windows® Communication Foundation and Windows Workflow Foundation to simplify, speed up and future-proof its applications. More importantly, it provided the seamless, secure, and reliable connection across the e-commerce portal that Net4India was looking at.

"Customers are looking for millisecond response times which the Linux and MySQL was unable to cope with. We wanted our Web servers to return queries in milliseconds. This has been achieved by the new application running on SQL Server 2005 and Microsoft . NET Framework 3.0," explains Desi S Valli, ED & COO, Net4India. The solution was designed keeping in mind enhancement of the user experience and to provide a reliable technology platform for high usage data center environment.

The customers seem to be the real beneficiaries of the improvements that the new Microsoft Windows®-based architecture employed by Net4India brings. For the full Net4India case study plus other independent case studies and research findings on reliability of Windows Server over Linux, visit us at microsoft.com/india/getthefacts

BREAKING NEWS:
Satisfied customers back the secure communication platform

Consistent updates ensure Net4India delivers a secure platform and a long line of supremely happy customers. – *Continued on Page 14*

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McCann/MSFT/17/07

Learning

SEGMENT RANK	Institute	Segment total	Quality of teaching: Faculty - student ratio	Faculty - acad qualification	Faculty - Industry exp	Faculty - Rank	Pedagogy	International faculty
	Maximum scores		**30**	**19**	**19**	**7**	**10**	**10**
1	Management Development Institute, Gurgaon	236.0	30	19	5	5	10	6
2	Narsee Monjee Institute of Management Studies, Mumbai	235.5	30	12	19	5	10	10
3	Xavier Labour Relations Institute, Jamshedpur	233.5	30	19	15	6	10	10
4	Institute of Management Technology, Ghaziabad	232.5	30	17	10	6	10	10
5	Symbiosis Centre for Management And HRD, Pune	226.5	10	14	19	5	10	3
6	National Institute of Industrial Engineering, Mumbai	224.0	30	14	15	6	10	6
7	International Management Institute, Delhi	216.0	20	19	10	6	10	6
8	Prestige Institute of Management and Research, Indore	212.0	30	14	10	5	10	3
9	Indian Institute of Management, Ahmedabad	211.0	20	17	10	6	10	6
10	Xavier Institute of Management, Bhubaneswar	209.0	30	12	10	5	10	3
10	K.J. Somaiya Institute of Management Studies and Research, Mumbai	209.0	20	12	19	5	10	0
12	Punjab College of Technical Education, Ludhiana	208.0	30	9	10	5	10	6
13	Bharathidasan Institute of Management, Tiruchirapalli	207.5	30	12	19	5	10	6
14	Faculty of Management Studies, Delhi	201.0	20	19	5	5	10	6
14	Wellingkar Institute of Mgmt Development and Research, Mumbai	201.0	20	12	19	5	10	0
16	Regional College of Management, Bhubaneswar	199.0	30	12	10	5	10	6
17	Institute of Management Studies, Ghaziabad	198.5	30	9	10	6	10	10
18	Indian Institute of Management,Lucknow	197.0	20	17	5	6	10	3
19	Indian Institute of Foreign Trade, Delhi	196.0	30	14	5	6	10	6
19	MET's Institute of Management, Mumbai	196.0	30	15	19	6	10	0
21	S.P. Jain Institute of Management & Research, Mumbai	194.0	20	12	19	6	10	10
21	Alliance Business Academy, Bangalore	194.0	30	12	10	6	5	10
21	Institute for Financial Management and Research, Chennai	194.0	30	15	15	6	5	3
21	Acharya Institute of Management and Sciences, Bangalore	194.0	30	14	10	6	5	10
25	School of Communication and Management Studies, Cochin	190.0	20	12	15	6	10	6
26	T.A. Pai Management Institute, Manipal	189.0	20	15	10	5	5	6
27	Loyola Institute of Business Management, Chennai	185.5	30	12	15	6	10	6
28	ICFAI Business School, Kolkata	184.5	10	12	15	6	10	0
29	Indian Institute of Management, Kolkata	183.0	10	17	2	6	10	0
29	Symbiosis Institute of Management Studies, Pune	183.0	5	14	19	7	10	3
31	Apeejay School of Management, Delhi	181.5	10	12	2	6	10	6
32	Indian Institute of Management, Indore	179.0	5	19	10	6	10	0
33	Department of Business Management, Calcutta University, Kolkata	178.5	30	12	0	5	10	0
34	Indian Institute of Management, Kozhikode	178.0	5	17	5	5	10	6
34	Indian School of Mines, Dhanbad	178.0	20	17	5	5	10	3
36	RIMS Institute of Management Studies, Rourkela	176.0	30	12	10	4	10	0
37	PSG Institute of Management, Coimbatore	173.5	30	15	10	6	10	0
38	Integrated Academy of Management and Technology, Ghaziabad	173.0	30	14	5	5	10	0
38	Indian Centre For Telecom and Management, Pune	173.0	20	9	19	6	10	0
40	Indian Institute of Forest Management, Bhopal	170.0	30	14	15	6	5	0
40	PES Institute of Technology, Bangalore	170.0	5	15	10	5	5	3
42	Institute of Finance and International Management, Bangalore	168.5	30	17	19	6	5	10
43	Nirma Institute of Management, Ahmedabad	168.0	5	14	10	5	5	0
43	NIILM Centre for Management Studies, New Delhi	168.0	10	12	10	6	10	6
43	Eastern Institute of Management, Kolkata	168.0	30	12	15	5	10	6
46	Gian Jyoti Institute of Management and Technology, Mohali	167.0	20	9	5	5	10	0
46	SIES College of Management Studies, Mumbai	167.0	30	9	15	6	10	3
48	Shailesh J.Mehta School of Management, IIT Mumbai	166.0	30	14	19	6	5	0

Source: BW-GfK Mode B-school Survey 2007

experience

	Faculty training				Research & industry orientation of faculty			Relevance of course content				Access to academic res.				Others	
Longevity of faculty	Faculty training programme	Faculty training in last 2 yrs	Hours of faculty training	Papers published	Avg. classroom teaching hrs.	Avg. consulting hrs	Avg. MDP + Research hr	Electives review freq.	Curriculum check	Curriculum review freq.	Course material delivery on time	Library e-enabled	Library LAN	Hostel LAN	Hostel e-enabled	Extra-curricular Activities	Feedback Mech
5	5	15	10	30	10	10	20	5	10	5	5	10	5	5	5	40	10
3	0	0	0	30	10	2	20	3	8	5	5	10	5	5	5	40	10
5	5	10	2	20	5	3	5	3	6.5	5	5	10	5	5	5	40	10
5	0	0	0	15	5	7	20	3	6.5	2	5	10	5	5	5	40	10
5	5	10	3	20	5	5	2	3	6.5	5	5	10	5	5	5	40	10
5	5	7	2	15	5	10	20	5	6.5	5	5	10	5	5	5	40	10
5	5	10	2	15	10	5	5	3	8	5	5	10	5	5	5	30	10
5	5	0	2	10	5	5	20	3	5	5	5	10	5	5	5	40	10
3	5	15	10	10	5	5	20	2	5	5	5	10	5	0	5	20	10
5	0	0	0	20	7	5	10	5	10	0	5	10	5	5	5	40	10
5	5	10	2	10	5	5	2	3	7	5	5	10	5	5	5	40	10
3	5	7	3	15	10	2	0	5	8	5	5	10	5	5	5	40	10
3	5	10	3	25	10	5	5	2	10	5	5	10	0	0	0	30	10
5	5	15	10	5	5	2	2	5	6.5	5	5	10	5	5	5	20	10
5	0	0	0	20	7	3	15	5	9	2	5	10	5	5	5	30	10
5	5	15	0	10	7	5	10	3	10	5	5	10	5	5	5	20	10
5	5	3	3	5	5	3	5	3	4	5	5	10	5	5	5	40	10
3	5	7	3	15	7	7	10	3	8.5	5	5	10	5	5	5	10	10
5	5	15	2	15	2	2	0	3	5	2	5	10	5	5	5	40	10
5	5	3	2	15	5	2	5	3	5	5	5	10	5	5	5	30	10
3	5	15	2	5	5	0	0	0	8	3	5	10	5	0	0	40	10
5	5	7	2	5	5	5	0	3	5	5	5	10	5	5	5	30	10
3	5	10	2	20	10	2	2	3	4	5	5	10	5	0	5	20	10
5	0	0	0	10	5	0	20	3	2	5	5	10	5	5	5	30	10
5	5	10	5	10	10	5	5	5	4	5	5	10	5	0	0	20	10
5	5	15	2	5	10	7	5	5	7	5	5	10	5	5	5	10	10
5	0	0	0	20	5	7	0	3	3	5	5	10	5	5	5	40	10
3	5	3	7	15	5	2	2	3	6.5	5	5	10	5	5	5	10	10
5	5	15	3	5	10	0	20	3	5.5	5	5	10	5	0	5	20	10
5	0	0	0	20	10	3	5	3	7	5	5	10	5	5	5	40	10
5	5	3	7	10	5	10	5	5	10	0	5	10	5	5	5	20	10
3	5	10	2	15	10	2	15	2	6.5	5	5	10	5	0	0	30	10
5	5	3	0	15	5	0	0	3	8	5	5	10	5	5	5	40	10
5	5	15	5	10	10	2	20	2	4.5	3	5	10	5	0	0	20	0
5	0	0	0	20	5	2	5	3	8	2	5	10	5	5	5	40	10
5	5	3	2	10	5	3	2	3	7	3	5	10	5	5	5	40	0
3	5	7	2	10	5	2	0	3	10	3	5	10	5	5	5	20	10
5	5	7	2	15	5	0	0	3	5.5	5	5	10	5	5	5	10	10
3	5	3	0	10	5	3	5	3	7	5	5	10	5	5	5	20	10
5	0	0	0	0	2	7	5	5	10	5	5	0	5	5	5	40	10
5	0	0	0	20	5	2	2	3	0	3	5	10	5	5	5	20	10
3	0	0	2	15	10	3	20	2	7	5	5	10	5	0	0	30	10
5	5	3	3	10	5	2	2	3	3.5	5	5	10	5	0	0	5	10
5	5	10	2	10	5	2	2	3	0	5	5	10	5	5	5	40	10
3	5	10	3	0	7	2	5	5	9	5	5	10	5	5	5	20	10
3	5	7	2	5	5	0	0	3	5	5	5	10	5	0	0	20	10
3	5	15	5	15	10	2	0	5	8	5	5	10	5	5	5	5	10
3	5	15	0	5	5	5	5	3	8	5	5	10	5	0	0	5	10
5	0	0	0	10	5	2	2	3	2	3	5	10	5	5	5	20	10

Learning

SEGMENT RANK	Institute	Segment total	Quality of teaching: Faculty - student ratio	Faculty - acad qualification	Faculty - Industry exp	Faculty - Rank	Pedagogy	International faculty
	Maximum scores		30	19	19	7	10	10
48	Institute of Technology and Science, Ghaziabad	166.0	30	9	10	3	10	0
50	K.S.R.Business School, Tiruchengode	165.0	10	14	10	6	10	0
51	Goa Institute of Management, Goa	164.0	30	17	10	5	5	6
51	Department of Management, Kurukshetra University	164.0	10	15	0	5	10	0
53	College of Management Studies, Gitam, Visakhapatnam	160.0	5	14	19	6	5	6
54	Indian Institute of Social Welfare and Business Management, Kolkata	159.0	30	14	19	5	5	3
55	Army Institute of Management, Kolkata	158.0	20	12	10	4	5	0
55	Maharaja Agrasen Institute of Mgmt Studies & Research, Haryana	158.0	30	9	5	5	5	0
57	Jagan Institute of Management Studies, New Delhi	157.5	30	12	5	6	10	0
58	International Institute of Informatics & Management, Jaipur	157.0	20	14	2	5	5	0
58	Allana Institute of Management Sciences, Pune	157.0	20	9	5	3	10	0
60	Institute for Technology and Management, Chennai	156.5	30	9	19	6	5	0
61	Rajagri School of Management, Cochin	155.0	20	9	5	6	10	6
62	Guru Nanak Institute of Management and Technology, Ludhiana	154.0	20	9	0	5	10	0
63	BLS Institute of Management, Ghaziabad	153.5	20	14	5	5	10	3
63	Ambedkar Institute of Management Studies, Vishakhapatnam	153.5	20	9	15	5	5	0
65	GITAM Institute of Foreign Trade, Visakhapatnam	153.0	30	12	15	6	5	6
66	Jansons School of Business, Coimbatore	151.5	5	14	19	4	10	0
67	Velammal College of Management And Computer Science, Chennai	151.0	10	12	15	6	5	0
68	Graduate School of Business & Administration, Greater Noida	149.5	10	12	5	5	10	0
69	Institute for Technology and Management, Mumbai	149.0	20	9	15	6	10	0
69	Xavier Vignana Jyothi Institute of Management, Secunderabad	149.0	10	12	19	5	10	6
71	Suryadatta Institute of Management , Pune	148.0	20	12	19	6	10	0
72	Bhartiya Vidya Bhavan Institute of Management Science, Kolkata	145.5	20	14	15	2	10	0
73	United Institute of Management, Allahabad	144.5	10	12	2	6	10	3
74	Integral Institute for Advanced Management, Visakhapatnam	143.0	10	17	19	6	10	0
74	Institute of Public Enterprise, Hyderabad	143.0	10	17	10	6	5	0
76	Karunya School of Management, Coimbatore	142.0	5	17	15	5	10	0
77	Sona School of Management, Salem	141.0	5	14	5	3	10	0
78	Siva Sivani Institute of Management, Secunderabad	140.0	20	14	15	6	5	0
79	Skyline Business School, Delhi	139.0	20	12	15	5	5	0
80	Institute of Productivity and Management, Ghaziabad	138.5	30	14	10	5	5	6
81	Indian Centre for Management and HRD, Pune	136.0	0	12	19	5	10	0
82	National Institute of Technology, Trichy	134.0	5	12	19	5	5	0
83	Delhi School of Professional Studies and Research, Delhi	132.0	10	12	0	5	5	0
84	Institute of Management Studies , Indore	131.0	20	10	19	2	10	0
85	National Institute of Agricultural Marketing, Jaipur	130.5	30	10	15	5	5	0
86	NL Dalmiya Institute of Management Studies and Research, Mumbai	123.0	5	12	19	5	10	0
87	Tilak Raj Chadha Institute of Mgmt and Technology, Yamunanagar	121.5	10	12	10	5	10	0
88	Neville Wadia Institute of Management Studies and Research, Pune	119.0	30	10	10	4	10	0
88	Vaikunth Mehta National Institute of Co-operative Management, Pune	119.0	20	15	2	6	5	0
90	Institute of Science and Management, Ranchi	118.5	20	14	19	5	10	0
91	Institute of Rural Management, Jaipur	117.5	5	12	10	5	10	0
92	Institute of Business Management and Technology, Bangalore	108.5	20	14	19	6	5	6
93	Biju Patnaik Institute of IT and Management Studies, Bhubaneswar	108.0	5	14	19	5	5	0
94	Maharishi Arvind Institute of Science and Management, Jaipur	105.0	10	9	15	5	10	0
95	Institute of Management Studies, NOIDA	79.0	5	12	15	6	5	0
96	M.O.P Vaishnav College For Women, Chennai	77.0	10	9	2	2	5	0

Source: BW-Gfk Mode B-school Survey 2007

experience

	Faculty training				Research & industry orientation of faculty			Relevance of course content				Access to academic res.					Others
Longevity of faculty	Faculty training programme	Faculty training in last 2 yrs	Hours of faculty training	Papers published	Avg. classroom teaching hrs.	Avg. consulting hrs	Avg. MDP + Research hr	Electives review freq.	Curriculum check	Curriculum review freq.	Course material delivery on time	Library e-enabled	Library LAN	Hostel LAN	Hostel e-enabled	Extra-curricular Activities	Feedback Mech
5	5	15	10	30	10	10	20	5	10	5	5	10	5	5	5	40	10
3	5	10	2	10	10	2	2	3	2	5	5	10	5	5	5	10	10
3	5	15	2	10	10	3	2	3	10	2	5	10	5	0	0	20	10
5	0	0	0	10	5	0	2	3	1	5	5	10	5	5	5	20	10
5	5	7	10	10	5	2	20	5	10	5	5	10	5	0	5	5	10
5	5	7	2	10	10	3	5	3	5	5	5	10	5	5	5	5	10
5	5	0	0	5	5	2	0	5	1	5	5	10	5	5	5	20	0
5	5	10	0	10	5	0	2	0	0	0	5	10	5	5	5	30	10
5	5	15	2	10	5	5	5	3	4	5	5	10	5	0	5	5	10
5	5	10	2	5	2	0	0	3	7.5	5	5	10	5	0	0	20	10
3	5	15	3	10	7	7	10	0	1	0	5	10	5	5	5	20	0
3	5	15	2	5	10	0	0	2	5	3	5	10	5	5	5	20	10
5	5	7	2	5	7	0	2	2	4.5	3	5	10	5	0	5	10	10
5	5	15	2	0	5	0	0	3	9	5	5	10	5	5	5	10	10
3	5	15	2	15	7	5	5	2	6	5	5	0	5	5	5	10	10
3	5	7	2	15	7	2	5	3	7.5	5	5	10	5	0	0	5	10
5	5	10	3	5	10	3	2	2	4.5	5	5	0	0	0	0	30	10
5	5	3	3	5	5	0	0	3	2	3	5	10	5	5	5	5	10
3	5	3	0	5	10	0	0	2	6.5	5	5	10	5	5	5	20	10
5	5	7	3	10	10	2	2	3	3	3	5	10	5	0	0	20	10
3	5	0	3	5	10	3	2	5	6.5	5	5	10	5	5	5	20	10
3	5	10	3	5	5	3	0	3	7	5	5	10	5	0	0	10	10
5	5	15	2	10	5	0	5	3	5	5	0	10	5	0	0	2	10
3	5	7	10		5	0	0	10	6		5	0	5	0	0	5	20
5	5	15	3	0	5	0	2	0	4.5	0	0	10	5	0	0	20	10
5	5	10	2	5	5	3	5	5	6.5	5	5	10	5	5	5	5	10
5	5	7	2	10	5	2	2	3	10	5	5	0	5	0	0	5	10
5	5	15	2	20	10	5	0	3	0	5	5	10	5	0	0	5	0
5	5	7	2	10	10	0	2	3	9	5	5	0	5	5	5	2	10
3	5	15	2	10	5	2	5	2	5	5	5	10	5	5	5	5	10
3	0	0	0	5	10	0	0	5	2	5	5	0	5	5	5	20	10
5	5	7	0	5	10	2	2	3	3	5	5	10	5	0	0	5	10
5	0	0	0	5	2	2	0	2	2.5	0	5	0	5	5	5	20	10
5	5	15	0	10	2	0	0	3	5	5	5	0	5	5	5	10	10
5	5	7	2	10	5	0	2	3	4	5	5	0	5	0	0	20	10
3	5	10	3	15	10	2	2	5	0	5	5	10	5	0	0	10	10
5	0	0	0	5	7	3	5	5	5	5	0	0	0	0	0	30	0
5	5	7	2	0	2	3	2	3	1.5	5	5	10	5	0	5	5	0
5	5	10	0	0	5	0	0	3	7	5	5	10	5	0	0	2	10
5	0	0	0	10	5	0	0	0	9.5	0	5	10	5	0	5	10	10
5	0	0	0	5	5	0	0	2	5	3	5	10	5	0	0	10	0
5	5	3	0	0	5	0	5	0	0	3	5	10	5	0	5	10	10
3	0	0	0	5	5	0	0	2	5.5	5	5	0	0	0	0	20	0
5	0	0	0	5	7	3	2	3	5.5	5	5	0	5	0	0	20	10
3	0	0	0	0	2	0	0	3	3.5	5	5	0	5	5	5	2	0
3	0	0	0	5	10	3	0	2	4	3	5	0	5	0	5	5	10
3	5	0	10	5	2	3	5	3	5	5	5	0	0	0	0	5	0
5	2	0	0	10	2	0	0	0	0	0	0	0	5	0	0	2	10
3	0	0	0	5	7	0	5	2	2	5	0	0	5	0	0	5	10

Placement

SEGMENT RANK	Institute	Overall: Cognitive total	Summer placements	Final placements	Time to complete placements	Salary bracket - Indian	Salary bracket - International
	Maximum scores		10	10	15	10	10
1	Indian Institute of Management, Kolkata	209.0	10	10	15	7	10
2	Indian Institute of Management, Ahmedabad	207.0	10	10	15	7	10
3	Faculty of Management Studies, Delhi	199.0	10	10	10	7	10
4	Indian Institute of Management, Kozhikode	194.0	10	10	10	7	7
5	National Institute of Industrial Engineering, Mumbai	182.0	10	10	15	7	10
6	Xavier Labour Relations Institute, Jamshedpur	180.0	10	10	10	10	0
7	Indian Institute of Management, Indore	172.0	10	10	10	7	10
8	Management Development Institute, Gurgaon	167.0	10	10	15	7	5
9	Indian Institute of Foreign Trade, Delhi	159.0	10	10	10	7	10
9	Narsee Monjee Institute of Management Studies, Mumbai	159.0	10	10	10	7	0
11	Xavier Institute of Management, Bhubaneswar	157.0	10	10	10	7	0
12	S.P. Jain Institute of Management & Research, Mumbai	156.0	10	10	15	7	5
13	Alliance Business Academy, Bangalore	155.0	10	10	5	7	10
14	Shailesh J.Mehta School of Management, IIT Mumbai	138.0	10	10	15	7	0
15	Indian Institute of Forest Management, Bhopal	127.0	10	10	10	7	0
16	Symbiosis Centre for Management And HRD, Pune	122.0	10	10	10	7	0
17	Institute of Management Technology, Ghaziabad	120.0	10	10	15	5	0
18	Institute for Financial Management and Research, Chennai	102.0	10	10	15	7	0
18	National Institute of Agricultural Marketing, Jaipur	102.0	10	10	10	7	0
20	Regional College of Management, Bhubaneswar	95.0	10	10	0	2	0
21	Nirma Institute of Management, Ahmedabad	93.0	10	10	10	5	0
22	GITAM Institute of Foreign Trade, Visakhapatnam	92.0	10	10	5	0	0
23	K.J. Somaiya Inst. of Mgmt Studies and Research, Mumbai	91.0	10	10	10	5	0
24	Loyola Institute of Business Management, Chennai	90.0	10	10	10	5	0
24	Indian Institute of Social Welfare and Business Mgmt, Kolkata	90.0	10	10	3	7	0
24	Integrated Academy of Mgmt and Technology, Ghaziabad	90.0	10	10	5	5	0
27	International Management Institute, Delhi	89.0	10	10	10	5	0
27	Bharathidasan Institute of Management, Tiruchirapalli	89.0	10	10	10	5	0
29	Institute of Management Studies, Ghaziabad	88.0	10	10	10	2	2
30	Wellingkar Inst. of Mgmt Development and Research, Mumbai	84.0	10	10	10	2	0
30	Goa Institute of Management, Goa	84.0	10	10	10	5	0
32	National Institute of Technology, Trichy	83.0	10	10	15	2	0
33	PSG Institute of Management, Coimbatore	82.0	10	10	5	2	0
33	T.A. Pai Management Institute, Manipal	82.0	10	10	10	5	0
35	Institute of Finance and International Management, Bangalore	80.0	10	10	3	2	0
36	Graduate School of Business & Administration, Greater Noida	77.0	10	10	5	2	0
37	Institute for Technology and Management, Mumbai	75.0	10	10	0	2	0
37	NL Dalmiya Institute of Mgmt Studies and Research, Mumbai	75.0	10	10	5	0	0
39	BLS Institute of Management, Ghaziabad	72.0	10	10	0	2	0
40	NIILM Centre for Management Studies, New Delhi	70.0	10	10	10	2	0
40	Institute of Rural Management, Jaipur	70.0	10	10	5	2	0
40	Xavier Vignana Jyothi Institute of Management, Secunderabad	70.0	10	10	10	0	0
43	Institute of Management Studies, Indore	68.0	10	10	5	0	0
44	Symbiosis Institute of Management Studies, Pune	67.0	10	10	5	5	0
44	Institute of Business Management and Technology, Bangalore	67.0	10	10	10	0	0
46	MET's Institute of Management, Mumbai	65.0	10	10	0	0	0
46	RIMS Institute of Management Studies, Rourkela	65.0	10	10	5	0	0

The scores within brackets indicate the maximum score that an institute could have scored if there was only fresher and no lateral placement

Source: BW-GfK Mode B-school Survey 2007

experience

Fresher placements						Lateral placements						Others	
No.of offers / student	Highest salary	Lowest salary	Median salary	Highest salary - international	Median salary - international	No.of offers / student	Highest salary	Lowest salary	Median salary	Highest salary - international	Median salary - international	Real time corp. issues	Online alumni access
5	25(35)	20(30)	30(55)	15(20)	15(30)	5	15	10	25	5	5	10	10
5	25	20	20	15	15	5	15	7	20	5	5	10	10
5	25	20	20	15	15	5	15	5	20	5	5	10	10
5	25	20	20	15	15	5	10	7	20	5	5	10	10
5	25	15	20	15	15	5	15	5	20	5	5	10	10
5	20	15	20	15	15	5	10	5	10	5	5	10	10
5	25	30	30	20	30	0	0	0	0	0	0	10	10
5	25	15	20	10	10	5	10	5	10	5	5	10	10
3	20	15	20	15	15	3	10	7	10	1	1	10	0
2	20	15	10	15	15	2	10	3	10	5	5	10	10
5	25	15	20	15	15	2	10	5	10	0	0	10	10
5	20	15	20	15	15	5	10	5	10	0	0	10	10
5	20	15	20	5	5	5	15	5	10	2	2	10	10
3	25	15	20	20	30	0	0	0	0	0	0	10	10
5	20	15	20	2	2	5	10	5	10	1	1	10	10
5	20	15	20	15	15	0	0	0	0	0	0	10	10
5	20	20	10	0	0	5	10	5	10	0	0	10	10
2	10	5	10	15	15	3	5	5	10	0	0	10	10
5	20	15	20	0	0	0	0	0	0	0	0	10	10
5	20	20	20	0	0	0	0	0	0	0	0	10	10
3	20	10	10	15	15	0	0	0	0	0	0	10	10
3	20	10	10	0	0	5	5	0	5	0	0	10	10
2	15	10	10	15	15	0	0	0	0	0	0	10	10
2	10	15	10	2	2	2	5	3	5	0	0	10	10
5	20	10	20	0	0	0	0	0	0	0	0	10	10
5	20	15	20	0	0	0	0	0	0	0	0	10	10
5	20	15	20	0	0	0	0	0	0	0	0	10	10
3	20	10	10	0	0	3	3	0	5	0	0	10	10
3	10	10	10	0	0	3	5	3	10	0	0	10	10
2	10	5	10	2	2	2	5	3	10	2	1	10	10
2	10	10	10	5	5	2	3	0	5	0	0	10	10
3	10	10	10	0	0	3	5	3	5	0	0	10	10
3	10	10	5	0	0	5	5	3	5	0	0	10	10
5	20	10	20	0	0	0	0	0	0	0	0	10	10
2	10	5	10	0	0	2	5	3	10	0	0	10	0
5	25	15	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	5	5	0	0	0	0	0	0	10	10
5	20	5	10	0	0	5	3	0	5	0	0	10	10
5	20	15	10	0	0	0	0	0	0	0	0	10	10
5	20	15	10	0	0	0	0	0	0	0	0	10	10
5	5	10	5	0	0	5	3	0	5	0	0	10	10
3	15	10	10	5	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
3	20	10	10	0	0	0	0	0	0	0	0	0	10
2	10	5	10	0	0	2	3	0	5	0	0	10	10
2	15	10	10	0	0	0	0	0	0	0	0	0	10
5	20	10	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10

Placement

SEGMENT RANK	Institute	Segment total	Overall: Summer placements	Final placements	Time to complete placements	Salary bracket - indian	Salary bracket - international
	Maximum scores		**10**	**10**	**15**	**10**	**10**
46	Jagan Institute of Management Studies, New Delhi	65.0	10	10	5	0	0
46	Tilak Raj Chadha Inst. of Mgmt and Technology, Yamunanagar	65.0	10	10	0	0	0
50	SIES College of Management Studies, Mumbai	64.0	10	10	10	0	0
51	Guru Nanak Institute of Mgmt and Technology, Ludhiana	63.0	10	10	3	0	0
52	Gian Jyoti Institute of Management and Technology, Mohali	62.0	10	10	10	2	0
52	Indian School of Mines, Dhanbad	62.0	10	10	0	2	0
52	College of Management Studies, Gitam, Visakhapatnam	62.0	10	10	5	0	0
52	International Institute of Informatics & Management, Jaipur	62.0	10	10	0	2	0
56	Prestige Institute of Management and Research, Indore	60.0	10	10	10	0	0
56	School of Communication and Management Studies, Cochin	60.0	10	10	0	0	0
56	Institute for Technology and Management, Chennai	60.0	10	10	0	0	0
56	Indian Centre for Management and HRD, Pune	60.0	10	10	0	2	0
56	Sona School of Management, Salem	60.0	10	10	3	0	0
56	Ambedkar Institute of Management Studies, Vishakhapatnam	60.0	10	10	0	0	0
56	Biju Patnaik Institute of IT and Mgmt Studies, Bhubaneswar	60.0	10	10	0	0	0
63	M.O.P Vaishnav College For Women, Chennai	59.0	10	10	0	2	0
64	Army Institute of Management, Kolkata	58.0	10	10	0	0	0
65	Jansons School of Business, Coimbatore	57.0	10	10	0	0	0
66	ICFAI Business School, Kolkata	56.0	10	10	3	0	0
67	Acharya Institute of Management and Sciences, Bangalore	53.0	10	10	3	0	0
67	Institute of Technology and Science, Ghaziabad	53.0	10	10	0	0	0
67	Maharishi Arvind Institute of Science and Management, Jaipur	53.0	10	10	5	0	0
70	Karunya School of Management, Coimbatore	52.0	10	10	10	0	0
70	Indian Centre For Telecom and Management, Pune	52.0	0	10	5	0	0
70	Siva Sivani Institute of Management, Secunderabad	52.0	10	10	5	0	0
70	Institute of Management Studies, NOIDA	52.0	10	10	5	0	0
74	Department of Business Mgmt, Calcutta University, Kolkata	50.0	10	10	0	0	0
74	PES Institute of Technology, Bangalore	50.0	10	10	0	0	0
74	Department of Management, Kurukshetra University	50.0	10	10	0	0	0
74	Integral Institute for Advanced Management, Visakhapatnam	50.0	10	10	10	0	0
74	Institute of Public Enterprise, Hyderabad	50.0	10	10	0	0	0
74	Eastern Institute of Management, Kolkata	50.0	10	10	10	0	0
80	Punjab College of Technical Education, Ludhiana	48.0	10	10	5	0	0
80	Delhi School of Professional Studies and Research, Delhi	48.0	10	10	10	0	0
82	Rajagri School of Management, Cochin	47.0	10	10	0	0	0
83	United Institute of Management, Allahabad	46.0	10	10	5	2	0
84	Bhartiya Vidya Bhavan Institute of Mgmt Science, Kolkata	45.0	10	10	0	0	0
85	K.S.R.Business School, Tiruchengode	43.0	10	10	5	0	0
85	Apeejay School of Management, Delhi	43.0	10	10	5	0	0
87	Neville Wadia Institute of Mgmt Studies and Research, Pune	42.0	10	10	3	0	0
88	Maharaja Agrasen Inst. of Mgmt Studies & Research, Haryana	40.0	10	10	0	0	0
89	Skyline Business School, Delhi	38.0	10	10	0	0	0
89	Institute of Productivity and Management, Ghaziabad	38.0	10	10	0	0	0
91	Allana Institute of Management Sciences, Pune	37.0	10	10	0	0	0
91	Vaikunth Mehta National Inst. of Co-operative Mgmt, Pune	37.0	10	10	0	0	0
93	Suryadatta Institute of Management , Pune	35.0	0	10	5	0	0
94	Institute of Science and Management, Ranchi	28.0	10	10	0	0	0
95	Velammal College of Mgmt And Computer Science, Chennai	27.0	10	10	5	0	0

Source: BW-GfK Mode B-school Survey 2007

experience

Fresher placements						Lateral placements						Others	
No of offers / student	Highest salary	Lowest salary	Median salary	Highest salary - international	Median salary - international	No of offers / student	Highest salary	Lowest salary	Median salary	Highest salary - international	Median salary - international	Real time corp. issues	Online alumni access
5	25(35)	20(30)	30(55)	15(20)	15(30)	5	15	10	25	5	5	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	15	10	0	0	0	0	0	0	0	0	10	10
5	5	5	5	2	2	5	5	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	0	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
2	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	0	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	0	10
3	15	10	10	0	0	0	0	0	0	0	0	10	10
2	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
5	15	10	10	0	0	0	0	0	0	0	0	10	10
2	15	10	10	0	0	0	0	0	0	0	0	10	0
3	15	10	10	0	0	0	0	0	0	0	0	10	10
2	15	10	10	0	0	0	0	0	0	0	0	10	0
3	10	5	5	2	2	3	3	0	0	0	0	10	10
5	10	5	5	0	0	5	0	0	0	0	0	0	10
3	20	0	10	0	0	0	0	0	0	0	0	10	10
5	5	5	5	0	0	5	3	0	0	0	0	10	10
2	5	5	5	0	0	2	3	0	0	0	0	10	10
2	10	5	10	0	0	2	3	0	5	0	0	10	10
2	15	0	10	0	0	0	0	0	0	0	0	10	0
2	15	0	10	0	0	0	0	0	0	0	0	0	10
5	15	0	10	0	0	0	0	0	0	0	0	10	10
5	10	5	5	0	0	5	0	0	0	0	0	10	10
5	15	0	10	0	0	0	0	0	0	0	0	10	10
5	15	0	0	0	0	0	0	0	0	0	0	10	10
5	15	0	10	0	0	0	0	0	0	0	0	10	10
5	15	0	0	0	0	0	0	0	0	0	0	10	10
5	5	5	0	0	0	5	3	0	0	0	0	10	10
3	15	0	0	0	0	0	0	0	0	0	0	10	10
2	15	0	10	0	0	0	0	0	0	0	0	10	10
2	5	5	5	0	0	2	0	0	0	0	0	10	10
5	15	0	0	0	0	5	0	0	0	0	0	0	10
3	15	0	0	0	0	0	0	0	0	0	0	10	10
3	15	0	0	0	0	0	0	0	0	0	0	10	10
2	5	5	5	0	0	2	0	0	0	0	0	0	10
5	15	0	0	0	0	0	0	0	0	0	0	10	10
3	15	0	0	0	0	0	0	0	0	0	0	10	10
3	15	0	0	0	0	0	0	0	0	0	0	10	10
2	15	0	0	0	0	0	0	0	0	0	0	10	10
2	15	0	0	0	0	0	0	0	0	0	0	10	10
5	0	0	0	0	0	5	0	0	0	5	5	10	10
5	0	0	0	0	0	3	0	0	0	0	0	0	10
2	0	0	0	0	0	0	0	0	0	0	0	10	10

Return on investment

SEGMENT RANK	Institute	Segment total	Calculated RoI	SEGMENT RANK	Institute	Segment total	Calculated RoI
	Maximum scores	**200**					
1	Faculty of Management Studies, Delhi	200.0	0.03	49	Alliance Business Academy, Bangalore	125.0	0.86
2	Dept of Business Mgmt, Calcutta University	200.0	0.04	49	SIES College of Management Studies, Mumbai	125.0	0.86
3	Indian Institute of Management, Kozhikode	200.0	0.18	51	Institute for Technology and Mgmt, Mumbai	125.0	0.87
4	Gian Jyoti Institute of Mgmt and Tech, Mohali	150.0	0.28	52	Integrated Acadmy of Mgmt & Tech, Ghaziabad	125.0	0.88
5	Shailesh J.Mehta School of Mgmt, IIT Mumbai	150.0	0.28	53	Narsee Monjee Institute, Mumbai	125.0	0.88
6	National Institute of Technology, Trichy	150.0	0.29	54	IISWBM, Kolkata	125.0	0.88
7	T.A. Pai Mgmt Institute, Manipal	150.0	0.39	55	Wellingkar Institute, Mumbai	125.0	0.90
8	Department of Mgmt, Kurukshetra University	150.0	0.40	56	Suryadatta Institute of Management , Pune	125.0	0.91
9	Xavier Labour Relations Institute, Jamshedpur	150.0	0.41	57	International Management Institute, Delhi	125.0	0.95
10	Guru Nanak Inst of Mgmt & Tech, Ludhiana	150.0	0.41	58	Integral Inst for Advancd Mgmt, Visakhapatnam	125.0	1.00
11	S.P. Jain Inst of Mgmt & Research, Mumbai	150.0	0.44	59	Jagan Institute of Mgmt Studies, New Delhi	100.0	1.05
12	Acharya Inst of Mgmt & Sciences, Bangalore	150.0	0.46	60	Delhi School of Prof Studies & Research	100.0	1.07
13	Symbiosis Institute of Mgmt Studies, Pune	150.0	0.46	60	Institute of Management Studies , Ghaziabad	100.0	1.07
14	Intl Inst of Informatics & Mgmt, Jaipur	150.0	0.46	62	Bhartiya Vidya Bhavan Institute, Kolkata	100.0	1.09
15	Institute of Management Studies, Indore	150.0	0.47	63	IFMR, Chennai	100.0	1.11
16	Indian Institute of Management, Ahmedabad	150.0	0.48	64	Biju Patnaik Institute, Bhubaneswar	100.0	1.15
17	Indian Institute of Management, Indore	150.0	0.49	65	Allana Institute of Mgmt Sciences, Pune	100.0	1.20
18	Neville Wadia Institute, Pune	150.0	0.50	66	Indian Centre for Management and HRD, Pune	100.0	1.24
19	Prestige Institute of Mgmt & Research, Indore	150.0	0.50	67	Rajagri School of Management, Cochin	100.0	1.24
20	Indian Institute of Management, Kolkata	150.0	0.51	68	National Inst of Agricultural Marketing, Jaipur	100.0	1.27
21	United Institute of Management, Allahabad	125.0	0.51	69	Loyola Institute of Business Mgmt, Chennai	100.0	1.30
22	Management Development Institute, Gurgaon	125.0	0.52	70	Institute of Productivity and Mgmt, Ghaziabad	100.0	1.30
23	M.O.P Vaishnav College For Women, Chennai	125.0	0.54	71	Institute of Public Enterprise, Hyderabad	100.0	1.33
24	Indian School of Mines, Dhanbad	125.0	0.57	72	Velammal College, Chennai	100.0	1.39
25	Indian Institute of Foreign Trade, Delhi	125.0	0.57	73	Grad School of Business & Admin, Gr Noida	100.0	1.43
26	PSG Institute of Management, Coimbatore	125.0	0.58	74	RIMS Institute of Mgmt Studies, Rourkela	100.0	1.46
27	Bharathidasan Institute of Mgmt, Tiruchirapalli	125.0	0.58	75	School of Comm and Mgmt Studies, Cochin	100.0	1.49
28	Indian Institute of Forest Management, Bhopal	125.0	0.58	76	Coll of Mgmt Studies, Gitam, Visakhapatnam	100.0	1.50
29	BLS Institute of Management, Ghaziabad	125.0	0.60	77	ICFAI Business School, Kolkata	100.0	1.57
30	National Inst of Industrial Engineering, Mumbai	125.0	0.60	78	Jansons School of Business, Coimbatore	75.0	1.58
31	K.J. Somaiya Institute, Mumbai	125.0	0.60	79	GITAM Inst of Foreign Trade, Visakhapatnam	75.0	1.60
32	Regional College of Mgmt, Bhubaneswar	125.0	0.61	80	Siva Sivani Institute of Mgmt, Secunderabad	75.0	1.60
33	Institute for Technology and Mgmt, Chennai	125.0	0.61	81	Institute of Tech and Science, Ghaziabad	75.0	1.62
34	Maharaja Agrasen Institute, Haryana	125.0	0.62	82	Institute of Science and Management, Ranchi	75.0	1.63
35	Nirma Institute of Management, Ahmedabad	125.0	0.62	83	Xavier Vignana Jyothi Inst, Secunderabad	75.0	1.78
36	Karunya School of Management, Coimbatore	125.0	0.63	84	Sona School of Management, Salem	75.0	1.79
37	Punjab College of Tech Education, Ludhiana	125.0	0.63	85	Indian Centre For Telecom and Mgmt, Pune	75.0	1.85
38	Goa Institute of Management, Goa	125.0	0.63	86	PES Institute of Technology, Bangalore	75.0	1.88
39	Xavier Institute of Management, Bhubaneswar	125.0	0.65	87	Institute of Rural Management, Jaipur	75.0	1.91
40	Symbiosis Centre for Mgmt And HRD, Pune	125.0	0.67	88	Skyline Business School, Delhi	75.0	2.00
41	NL Dalmiya Institute, Mumbai	125.0	0.68	88	Inst of Business Mgmt and Tech, Bangalore	75.0	2.00
42	Maharishi Arvind Institute, Jaipur	125.0	0.68	88	Institute of Management Studies, NOIDA	75.0	2.00
43	Ambedkar Institute, Visakhapatnam	125.0	0.70	91	Eastern Institute of Management, Kolkata	25.0	2.22
44	K.S.R.Business School, Tiruchengode	125.0	0.70	92	NIILM Centre for Mgmt Studies, New Delhi	25.0	2.99
45	Army Institute of Management, Kolkata	125.0	0.70	93	Tilak Raj Chadha Institute, Yamunanagar	25.0	3.00
46	Institute of MmgtTechnology, Ghaziabad	125.0	0.80	94	Inst of Finance and Intl Mgmt, Bangalore	25.0	3.14
47	MET's Institute of Management, Mumbai	125.0	0.84	95	Apeejay School of Management, Delhi	25.0	4.57
48	Vaikunth Mehta National Institute, Pune	125.0	0.85				

Source: BW-GfK Mode B-school Survey 2007

IIM, Lucknow did not provide the placement data from which RoI is computed, so it doesn't figure in the list

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International exposure

SEGMENT RANK	Institute	Segment total	Intl. tie up	Dual degree course	Faculty/resrch/ content tie-up	Intl. visiting faculty	Intl. students (full-time)	International accreditation	Part of the course abroad	Intenational campus	International ranking
	Maximum scores		20	10	20	10	5	15	5	5	10
1	Indian Institute of Management, Ahmedabad	76.0	20	10	20	10	1	0	5	0	10
2	Management Development Institute, Gurgaon	75.0	20	0	20	10	5	15	5	0	0
3	Institute of Management Technology, Ghaziabad	71.0	20	0	20	10	1	0	5	5	10
3	Alliance Business Academy, Bangalore	71.0	20	0	20	10	1	15	5	0	0
5	Indian Institute of Management,Lucknow	65.0	20	10	20	10	0	0	5	0	0
6	Xavier Labour Relations Institute, Jamshedpur	60.0	20	0	20	10	0	0	5	5	0
6	Indian Institute of Foreign Trade, Delhi	60.0	20	0	20	10	0	0	5	5	0
6	Wellingkar Institute of Mgmt Development and Research, Mumbai	60.0	20	0	20	10	0	0	0	0	10
9	International Management Institute, Delhi	57.0	20	0	20	10	2	0	5	0	0
10	Indian Institute of Management, Kolkata	56.0	20	0	20	10	1	0	5	0	0
10	Indian Institute of Management, Kozhikode	56.0	20	0	20	10	1	0	5	0	0
10	Xavier Institute of Management, Bhubaneswar	56.0	20	0	20	10	1	0	5	0	0
10	Loyola Institute of Business Management, Chennai	56.0	20	0	20	10	1	0	5	0	0
14	National Institute of Industrial Engineering, Mumbai	55.0	20	0	20	10	0	0	5	0	0
15	Faculty of Management Studies, Delhi	52.0	20	0	20	10	2	0	0	0	0
16	S.P. Jain Institute of Management & Research, Mumbai	50.0	0	10	20	10	0	0	0	0	10
16	K.J. Somaiya Institute of Mgmt Studies and Research, Mumbai	50.0	20	0	20	10	0	0	0	0	0
16	Institute for Financial Management and Research, Chennai	50.0	20	0	20	10	0	0	0	0	0
16	College of Management Studies, Gitam Visakhapatnam	50.0	20	0	20	10	0	0	0	0	0
16	PES Institute of Technology, Bangalore	50.0	20	0	20	10	0	0	0	0	0
21	Narsee Monjee Institute of Management Studies, Mumbai	46.0	20	0	0	10	1	0	5	0	10
22	Indian Institute of Management, Indore	45.0	20	0	20	0	0	0	5	0	0
23	PSG Institute of Management, Coimbatore	31.0	0	0	20	10	1	0	0	0	0
24	Institute of Public Enterprise, Hyderabad	30.0	20	0	0	10	0	0	0	0	0
25	Indian Institute of Social Welfare and Business Mgmt, Kolkata	27.0	0	0	0	10	2	15	0	0	0
26	Shailesh J. Mehta School of Management, IIT Mumbai	20.0	0	0	20	0	0	0	0	0	0
26	Skyline Business School, Delhi	20.0	0	0	0	0	0	15	0	5	0
28	Symbiosis Centre for Management And HRD, Pune	16.0	0	0	0	10	1	0	0	5	0
28	Regional College of Management, Bhubaneswar	16.0	0	0	0	10	1	0	5	0	0
28	Rajagri School of Management, Cochin	16.0	0	0	0	10	1	0	5	0	0
31	Prestige Institute of Management and Research, Indore	15.0	0	0	0	10	0	0	5	0	0
31	Institute of Management Studies, Ghaziabad	15.0	0	0	0	10	0	0	5	0	0
31	Goa Institute of Management, Goa	15.0	0	0	0	10	0	0	5	0	0
31	Integrated Academy of Management and Technology, Ghaziabad	15.0	0	0	0	10	0	0	5	0	0
31	Punjab College of Technical Education, Ludhiana	15.0	0	0	0	10	5	0	0	0	0
31	School of Communication and Management Studies, Cochin	15.0	0	0	0	10	0	0	5	0	0
31	Institute for Technology and Management, Mumbai	15.0	0	0	0	10	0	0	5	0	0
31	Graduate School of Business & Administration, Greater Noida	15.0	0	0	0	0	0	15	0	0	0
31	NIILM Centre for Management Studies, New Delhi	15.0	0	0	0	10	0	0	5	0	0
40	Jansons School of Business, Coimbatore	11.0	0	0	0	10	1	0	0	0	0
41	Nirma Institute of Management, Ahmedabad	10.0	0	0	0	10	0	0	0	0	0
41	Bharathidasan Institute of Management, Tiruchirapalli	10.0	0	0	0	10	0	0	0	0	0
41	Acharya Institute of Management and Sciences, Bangalore	10.0	0	0	0	10	0	0	0	0	0
41	T.A. Pai Management Institute, Manipal	10.0	0	0	0	10	0	0	0	0	0
41	Indian School of Mines, Dhanbad	10.0	0	0	0	10	0	0	0	0	0
41	SIES College of Management Studies, Mumbai	10.0	0	0	0	10	0	0	0	0	0
41	BLS Institute of Management, Ghaziabad	10.0	0	0	0	10	0	0	0	0	0
41	ICFAI Business School, Kolkata	10.0	0	0	0	10	0	0	0	0	0

Source: BW-GfK Mode B-school Survey 2007

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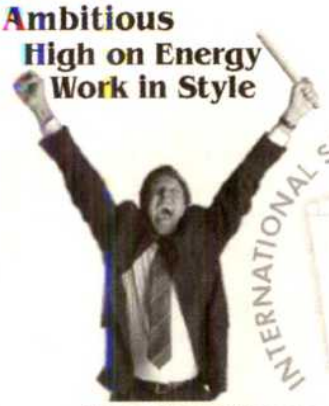

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Marketing Manager
***Singapore**

Subha Sridharan
ING Bank
Global Head for Training
***Amsterdam**

Abhishek Kumar
Enem Tech. Pvt. Ltd.
Head-Consulting

Sweta Kumari Jha
Anand Rathi Group
Vice President-Investment Banking

Batch 2001-03

Monmoon Verma
Credit Suisse Investment Banking
Regional Vice President
***Singapore**

Anupama Bose
Schlmberger
Senior Manager
***Dubai**

Shalu Lakhanpal
Syntel
Sr. Manager HR

Amit Diwan
LG Electronics
Corporate Marketing Manager

Ketan Raikar
Marico
HR Manager

Naini Roy Choudhury
Tata AIG Life
Manager

Smitha Nair
Audio Video Production
CNN IBN

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Bayer cropscience Ltd.
Manager SAP Service & Solutions
***Australia**

Ankush Malhotra
Radio Mrichi
Sales Head

Ramola Philips
Bata India Ltd.
Brand Manager

Sachin Bhide
Star News
Correspondent

Saiprasad Moapatra
ESPN
Reporter

Meghna Dixit Likhi
Maya Entertainment
Assistant Vice President HR

Sudipto Mitra
Star India Pvt. Ltd.
Area Manager

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Barclays
Relationship Manager
***Dubai**

Anubha Mishra
Pursuing Ph.D
University of Arizona
***USA**

Devranjan Dash
Morgan Stanley
Senior Manager Investment
***Singapore**

Abishek Bhatt
India Promos Head
Sony AXN
***Singapore**

Rakesh Ranjan
Zee News
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Rohini Krishna
UTV Motion Pictures
Assistant Manager

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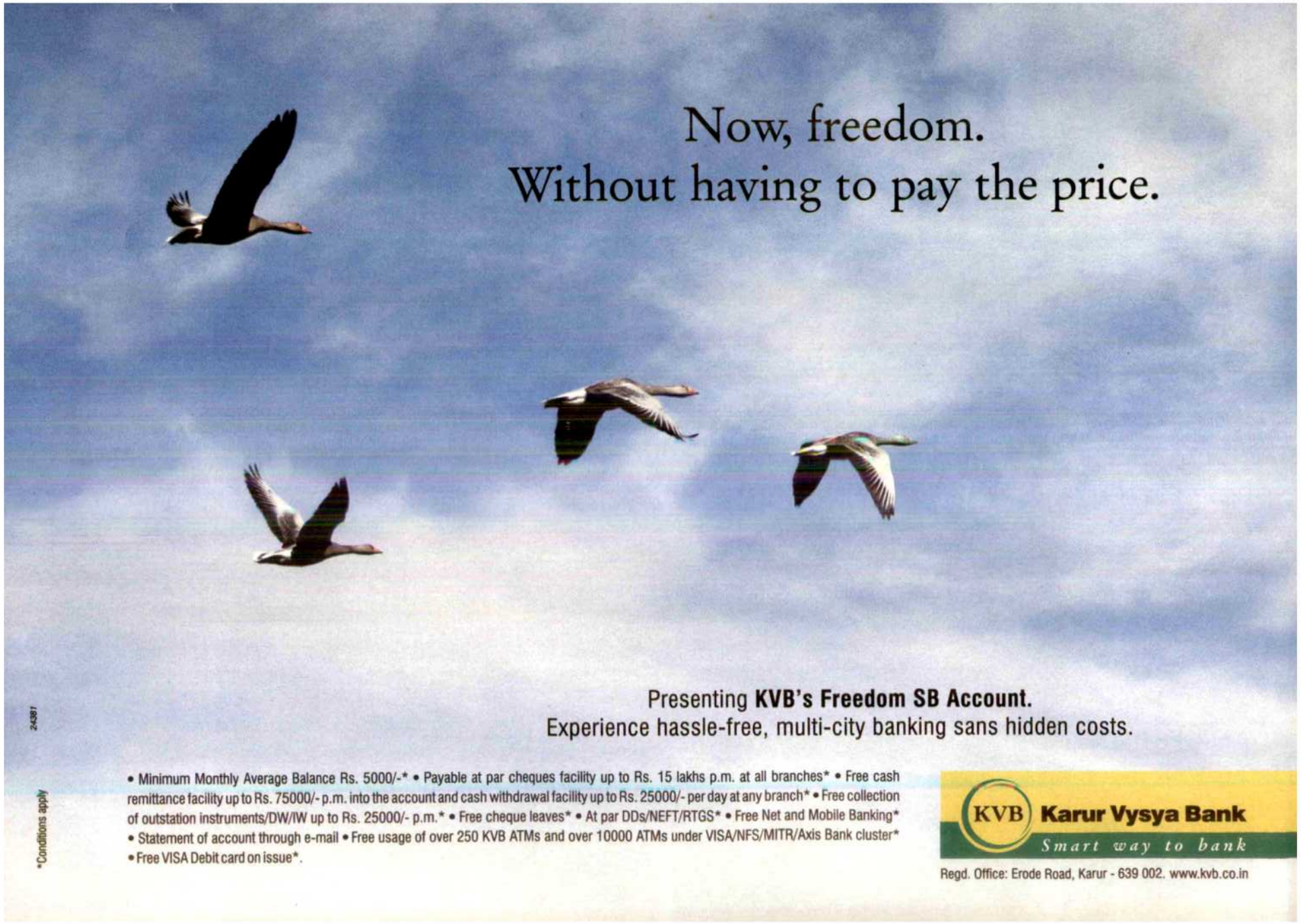
International exposure

SEGMENT RANK	Institute	Segment total	Intl. tie up	Dual degree course	Faculty/resrch/ content tie-up	Intl. visiting faculty	Intl. students (full-time)	International accreditation	Part of the course abroad	International Campus	International ranking
	Maximum scores		20	10	20	10	5	15	5	5	10
41	GITAM Institute of Foreign Trade, Visakhapatnam	10.0	0	0	0	10	0	0	0	0	0
41	Institute for Technology and Management, Chennai	10.0	0	0	0	10	0	0	0	0	0
41	Maharaja Agrasen Institute of Mgmt Studies & Research, Haryana	10.0	0	0	0	10	0	0	0	0	0
41	NL Dalmiya Institute of Mgmt Studies and Research, Mumbai	10.0	0	0	0	10	0	0	0	0	0
41	Integral Institute for Advanced Management, Visakhapatnam	10.0	0	0	0	10	0	0	0	0	0
41	Delhi School of Professional Studies and Research, Delhi	10.0	0	0	0	10	0	0	0	0	0
41	Institute of Finance and International Management, Bangalore	10.0	0	0	0	10	0	0	0	0	0
41	Xavier Vignana Jyothi Institute of Management, Secunderabad	10.0	0	0	0	10	0	0	0	0	0
41	Apeejay School of Management, Delhi	10.0	0	0	0	10	0	0	0	0	0
41	Institute of Productivity and Management, Ghaziabad	10.0	0	0	0	10	0	0	0	0	0
41	Institute of Business Management and Technology, Bangalore	10.0	0	0	0	10	0	0	0	0	0
60	Neville Wadia Institute of Mgmt Studies and Research, Pune	5.0	0	0	0	0	5	0	0	0	0
60	Vaikunth Mehta National Institute of Co-operative Mgmt, Pune	5.0	0	0	0	0	0	0	5	0	0
62	National Institute of Agricultural Marketing, Jaipur	1.0	0	0	0	0	1	0	0	0	0
62	Sona School of Management, Salem	1.0	0	0	0	0	1	0	0	0	0
64	Symbiosis Institute of Management Studies, Pune	0.0	0	0	0	0	0	0	0	0	0
64	Indian Institute of Forest Management, Bhopal	0.0	0	0	0	0	0	0	0	0	0
64	Department of Business Management, Calcutta University, Kolkata	0.0	0	0	0	0	0	0	0	0	0
64	Gian Jyoti Institute of Management and Technology, Mohali	0.0	0	0	0	0	0	0	0	0	0
64	National Institute of Technology, Trichy	0.0	0	0	0	0	0	0	0	0	0
64	International Institute of Informatics & Management, Jaipur	0.0	0	0	0	0	0	0	0	0	0
64	Army Institute of Management, Kolkata	0.0	0	0	0	0	0	0	0	0	0
64	Department of Management, Kurukshetra University	0.0	0	0	0	0	0	0	0	0	0
64	MET's Institute of Management, Mumbai	0.0	0	0	0	0	0	0	0	0	0
64	Institute of Management Studies , Indore	0.0	0	0	0	0	0	0	0	0	0
64	Guru Nanak Institute of Management and Technology, Ludhiana	0.0	0	0	0	0	0	0	0	0	0
64	RIMS Institute of Management Studies, Rourkela	0.0	0	0	0	0	0	0	0	0	0
64	K.S.R.Business School, Tiruchengode	0.0	0	0	0	0	0	0	0	0	0
64	Karunya School of Management, Coimbatore	0.0	0	0	0	0	0	0	0	0	0
64	United Institute of Management, Allahabad	0.0	0	0	0	0	0	0	0	0	0
64	Allana Institute of Management Sciences, Pune	0.0	0	0	0	0	0	0	0	0	0
64	Jagan Institute of Management Studies, New Delhi	0.0	0	0	0	0	0	0	0	0	0
64	Indian Centre for Management and HRD, Pune	0.0	0	0	0	0	0	0	0	0	0
64	Velammal College of Management And Computer Science, Chennai	0.0	0	0	0	0	0	0	0	0	0
64	Indian Centre For Telecom and Management, Pune	0.0	0	0	0	0	0	0	0	0	0
64	Suryadatta Institute of Management, Pune	0.0	0	0	0	0	0	0	0	0	0
64	Institute of Technology and Science, Ghaziabad	0.0	0	0	0	0	0	0	0	0	0
64	Maharishi Arvind Institute of Science and Management, Jaipur	0.0	0	0	0	0	0	0	0	0	0
64	Bhartiya Vidya Bhavan Institute of Management Science, Kolkata	0.0	0	0	0	0	0	0	0	0	0
64	Institute of Rural Management, Jaipur	0.0	0	0	0	0	0	0	0	0	0
64	Siva Sivani Institute of Management, Secunderabad	0.0	0	0	0	0	0	0	0	0	0
64	Ambedkar Institute of Management Studies, Vishakhapatnam	0.0	0	0	0	0	0	0	0	0	0
64	Biju Patnaik Institute of IT and Management Studies, Bhubaneswar	0.0	0	0	0	0	0	0	0	0	0
64	M.O.P Vaishnav College For Women, Chennai	0.0	0	0	0	0	0	0	0	0	0
64	Eastern Institute of Management, Kolkata	0.0	0	0	0	0	0	0	0	0	0
64	Institute of Management Studies, NOIDA	0.0	0	0	0	0	0	0	0	0	0
64	Institute of Science and Management, Ranchi	0.0	0	0	0	0	0	0	0	0	0
64	Tilak Raj Chadha Institute of Mgmt and Technology, Yamunanagar	0	0	0	0	0	0	0	0	0	0

Source: BW-GfK Mode B-school Survey 2007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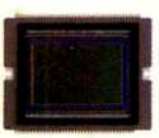

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INDIA'S TOP B-SCHOOLS 2007 A BW Survey

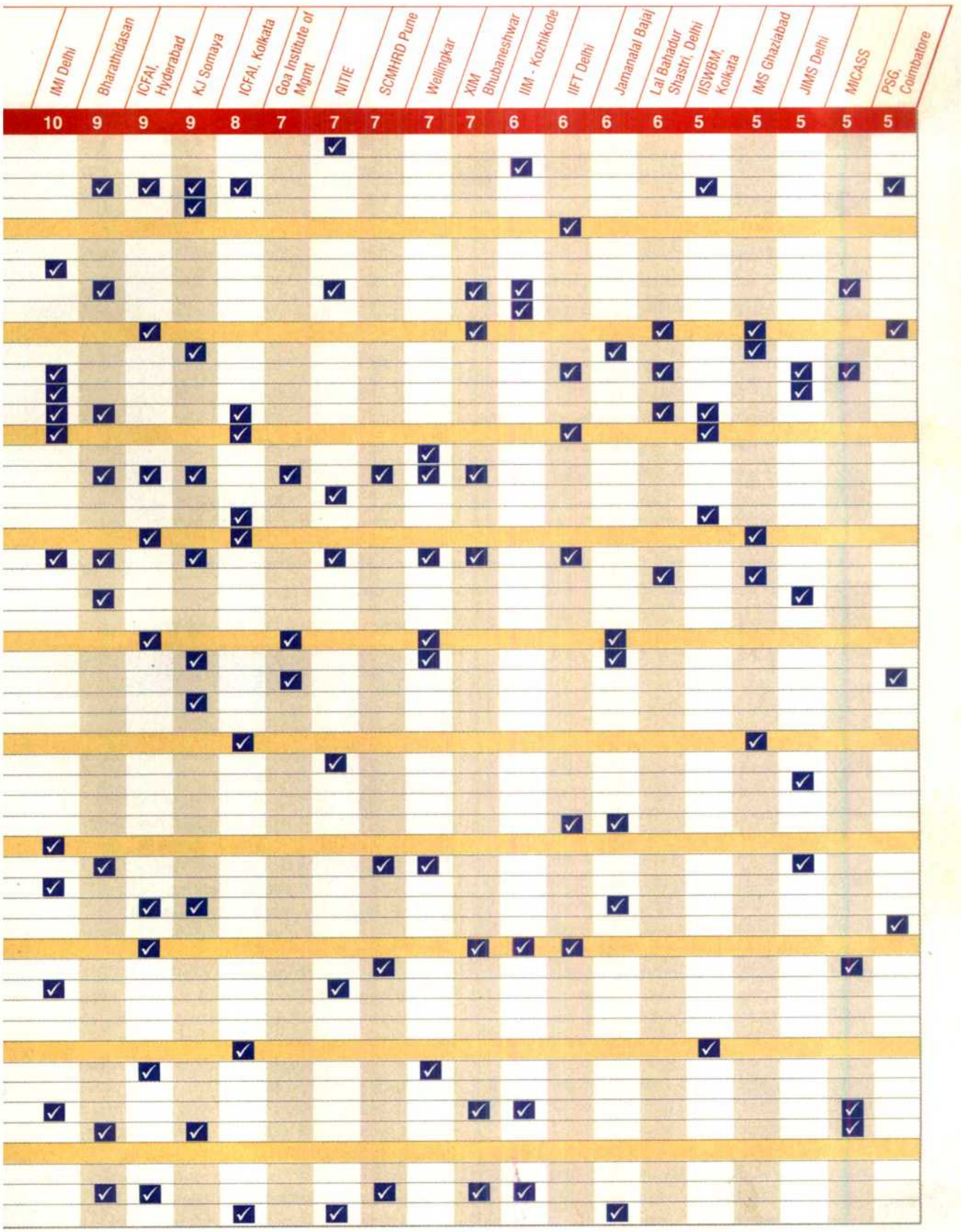
Employers who have

Companies	Amity	MDI Gurgaon	SIBM Pune	IIM - Ahmedabad	IIM - Kolkata	IIM - Lucknow	FMS Delhi	IIM - Bangalore	IMT Ghaziabad	SIMS Pune	NMIMS Pune	SP Jain	XLRI
Total no. of ratings	**17**	**16**	**15**	**14**	**13**	**13**	**12**	**12**	**12**	**12**	**11**	**11**	**11**
ASIAN PAINTS					✓	✓	✓	✓			✓	✓	✓
BANK OF AMERICA					✓	✓	✓	✓					
BERGER PAINTS	✓												
BIOCON INDIA										✓			
BIRLA SOFT	✓					✓	✓			✓	✓	✓	
CAIRN ENERGY											✓		
CAREER LAUNCHER	✓	✓	✓		✓			✓	✓				
CAVIN CARE		✓				✓					✓		
CEAT		✓		✓	✓	✓		✓				✓	✓
CHOLAMANDALAM	✓								✓				
CRISIL		✓		✓	✓	✓					✓	✓	
E-VALUE SERVE	✓		✓							✓			
ELECTROLUX	✓	✓	✓				✓		✓				✓
EVEREADY INDUSTRIES	✓	✓								✓			
EXIDE	✓		✓	✓	✓								
FORBES GOKAK											✓	✓	
GODREJ			✓								✓		
GULFOIL CORPORATION			✓										
HALDIA PETROCHEM													
INDIABULLS SECURITIES	✓	✓	✓						✓	✓			
INDIAN OIL									✓	✓			
INDORAMA CEMENT		✓				✓		✓	✓				✓
INFO EDGE	✓												
ING VYASA													✓
KOTAK MAHINDRA	✓	✓	✓					✓			✓	✓	
KPMG													
LAFARGE	✓		✓										
MADISON				✓									
MAERSK			✓							✓			
MAFOI		✓											
MEIBACH GROUP				✓		✓		✓				✓	
MITSUBISHI	✓						✓						
MOTOROLA				✓	✓		✓	✓				✓	✓
NESTLE		✓		✓	✓	✓	✓	✓				✓	✓
NEWGEN SOFTWARE	✓	✓					✓	✓	✓				
NIIT	✓	✓					✓						
PANACEA BIOTEC						✓	✓		✓	✓			
PATNI COMPUTERS				✓								✓	
PFIZER						✓		✓					✓
POWER FINANCIAL CORP.		✓	✓				✓		✓				
R.K. SWAMY BBDO			✓						✓	✓			
RANBAXY		✓			✓	✓	✓				✓		✓
RELIANCE CAPITAL				✓									✓
RPG													
SREI FINANCE				✓	✓								
TATA CHEMICAL			✓						✓				
TATA RYERSON	✓			✓	✓								✓
TECHNOPAK		✓		✓	✓					✓		✓	
TVS									✓				
UNITECH					✓	✓							
USHA MARTIN													
VISTA SOFTWARE			✓					✓		✓			
VOLTAS	✓		✓								✓		

Source: BW-GfKMode B-school Survey 2007

Checks imply the company has visited the particular institute for placement

visited and rated the B-schools



Employers' perception

Employers' rank	Institute	No. of emp. rating	Overall	Knowledge	Comm. Skill	Commitment to work	Leadership Qualities	Interpersonal Skills	Performance	Derived Avg.
1	IIM, Ahmedabad	14	8.43	8.36	8.07	7.46	7.92	7.85	8.15	7.97
2	IIM, Kolkata	13	8.00	7.92	7.92	7.25	7.92	7.58	7.92	7.75
3	IIM, Bangalore	12	7.92	8.00	7.83	7.27	7.64	7.64	7.91	7.72
4	Xavier Labour Relations Institute, Jamshedpur	11	7.73	7.64	8.45	7.30	8.10	8.30	8.20	8.00
5	Faculty of Management Studies, Delhi	12	7.67	7.42	7.50	6.82	7.18	7.18	7.45	7.26
6	Symbiosis Institute of Business Management, Pune	15	7.60	7.20	7.40	6.73	6.80	6.87	7.33	7.06
7	Management Development Institute, Gurgaon	16	7.25	7.13	7.40	6.43	7.21	7.00	7.21	7.06
8	S.P. Jain Institute of Management Studies, Mumbai	11	7.18	7.70	7.50	6.22	6.78	6.67	7.89	7.13
9	IIM, Lucknow	13	7.15	7.00	7.33	6.36	6.91	7.36	6.82	6.96
10	International Management Institute, Delhi	10	7.10	6.80	7.20	6.60	6.50	7.20	7.30	6.93
11	Narsee Monjee Institute of Management Studies, Mumbai	11	6.91	7.20	7.30	6.40	6.20	6.20	6.78	6.68
12	Institute of Management Technology, Ghaziabad	12	6.83	6.42	6.75	5.50	5.33	5.67	6.00	5.95
13	Symbiosis Institute of Management Studies, Pune	12	6.50	6.25	6.92	6.50	6.58	6.58	6.67	6.58
14	Amity Business School, Noida	17	6.47	6.00	6.82	6.59	6.29	6.82	7.00	6.59

Source: BW-GfK Mode B-school Survey 2007

The placement game

COME recruitment season, and B-school campuses come alive with eager students clamouring for the best placements and the heftiest pay packages. Most often, the biggest consideration for a student, when he applies to a B-school, is the placement record of that particular institute. But how fair is it to consider B-schools as mere portals meant to facilitate placements?

We decided to see how the rankings would change if we removed 'placements' as one of the parameters in the survey. The results were an eye-opener.

The greatest jump amongst the top 20 was that of IMT Ghaziabad's, which jumped up eight points from being no. 12 in the rankings straight to no. 4. Another remarkable achiever was IMI, Delhi, which witnessed a leap of seven points from 16 to 9. Gurgaon-based MDI jumped up three spots from the fifth position to the coveted 'top two' slot. K.J. Somaiya, which has gained a good industry reputation over the years, also moved up six places from 18 to 12.

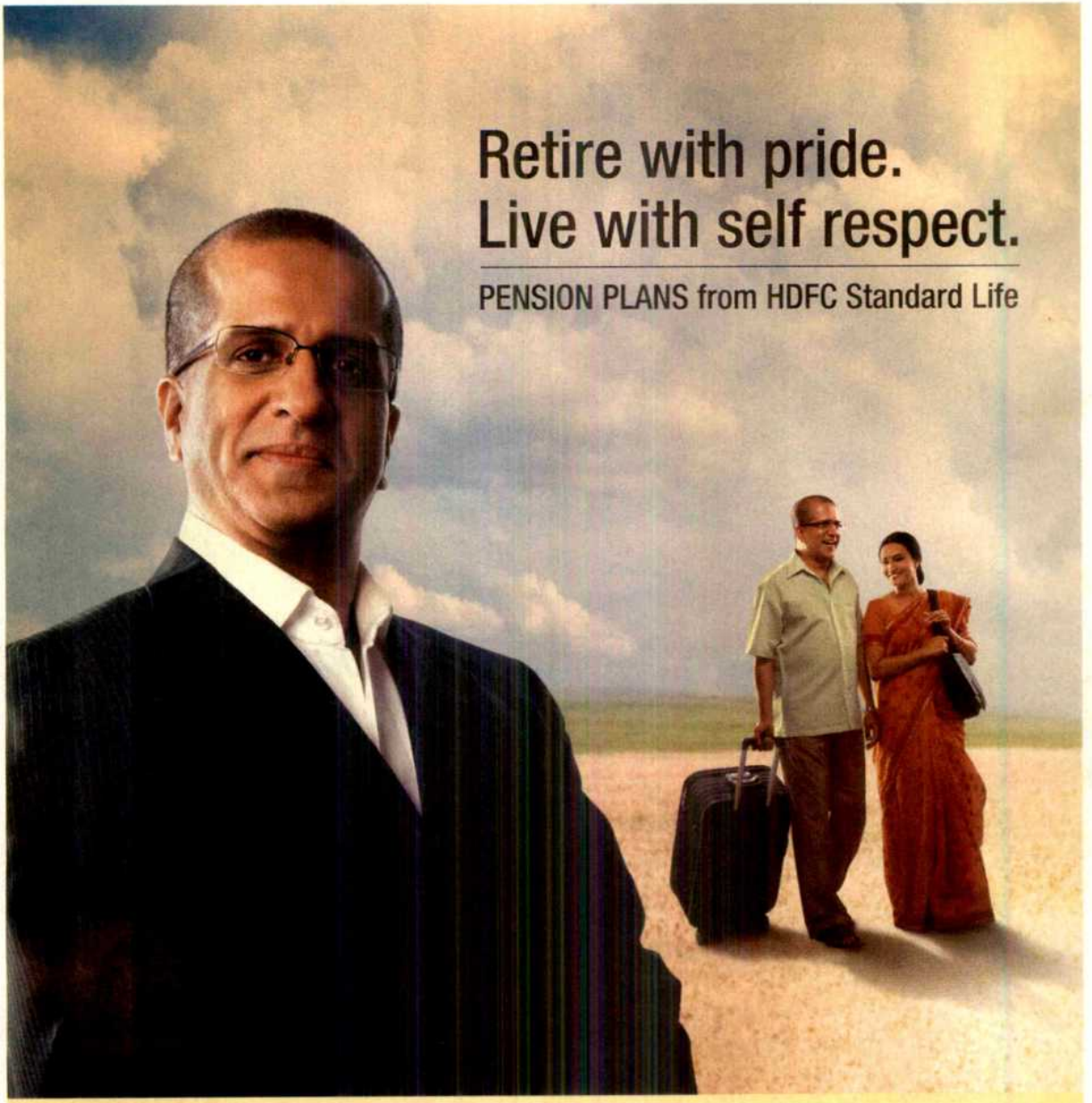
The top ten* — with and without

Rank without placements	Rank with placements	Institute
1	1	Indian Institute of Mgmt, Ahmedabad
2	5	Mgmt Development Institute, Gurgaon
3	3	Xavier Labour Relations Inst., Jamshedpur
4	12	IMT, Ghaziabad
5	4	Indian Institute of Mgmt, Kozhikode
6	7	National Institute of Ind. Eng., Mumbai
7	8	S.P. Jain Inst. of Mgmt & Res., Mumbai
8	2	Indian Inst. of Mgmt, Kolkata
9	16	International Mgmt Inst., Delhi
10	6	Faculty of Mgmt Studies, Delhi

* IIM, Lucknow is not in these rankings since its placement data was not provided
Source: BW-GfK B-school Mode Survey 2007

Obviously enough, there were some surprising falls, too. The biggest one being IIM, Kolkata, which slipped six notches from no. 2 right down to no. 8. FMS, Delhi, too, stumbled four spots from no. 6 to no. 10.

There has always been a correlational lag between the industry perception of an institute and its performance in terms of placements, which further moulds student perception. It is, thus, imperative that institutes, such as IIM, Kolkata, be more proactive in improving their industry image rather than being complacent about a good placement record.



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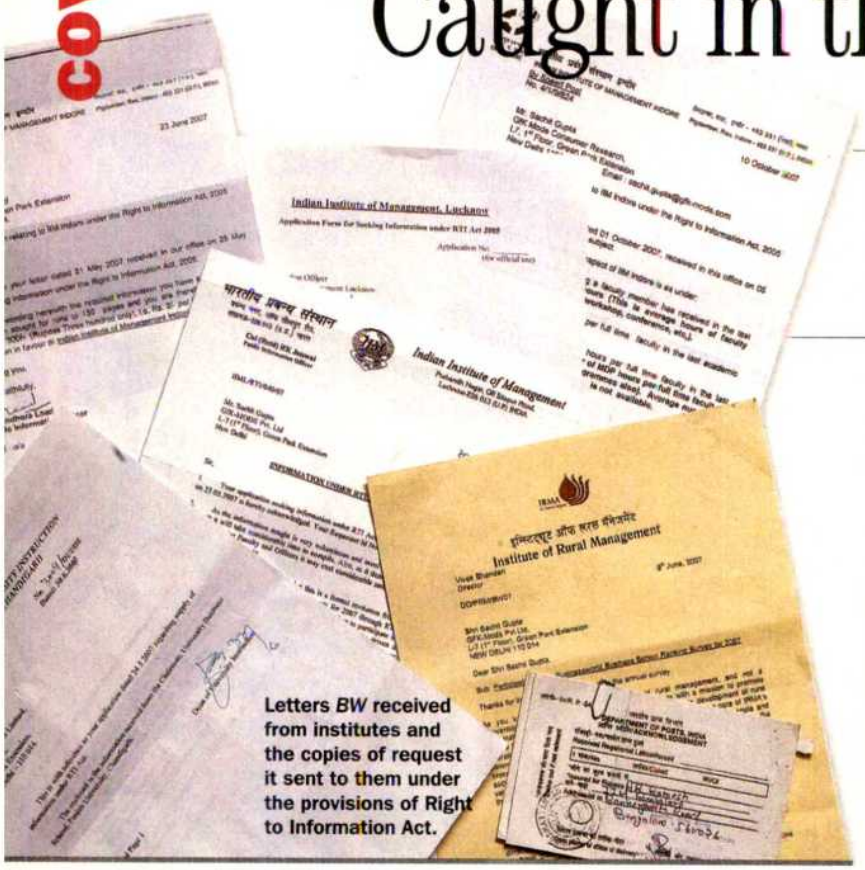
RTI

Caught in the Act

The RTI Act was invoked to bring important information into the public domain. By BW Bureau



Letters *BW* received from institutes and the copies of request it sent to them under the provisions of Right to Information Act.

Who did what

Institute	Response to RTI application
IIM - Indore	Provided all the information
IIM - Lucknow	Provided info. except for placement data
IIM - Bangalore	Provided incomplete info on several parameters
IIM - Kolkata	Provided all the information
IRMA - Anand	Did not participate; said it's a specialised institute
Jamnalal Bajaj Inst. of Mgmt, Mumbai	No response to our application yet
UBS, Chandigarh	Refused to participate, citing IP exemption clause

Source: *BW*-GfK Mode B-school Survey 2007

THE objective of the *BW*-GfK Mode B-school Survey 2007 was to critically evaluate the performance of the leading management institutes in the country and, thus, act as a reliable and unbiased source of information for aspiring management students and potential employers. In our quest to make this crucial information available in the public domain, we had expected proactive support and co-operation from all the management institutes. However, it came as a surprise when some of the leading management institutes including some of the Indian Institutes of Management (IIMs) refused to participate in the survey and divulge information about their institutes.

The Right to Information (RTI) Act was invoked to get the desired information from the institutes funded or aided by the government. Applications along with the requisite fee were sent to the public information officers in several institutes. All the IIMs responded to our RTI applications and provided the relevant information. IIM Bangalore and IIM Lucknow provided all the other information but refused to share with us the data for placements even after we had invoked the RTI Act (see 'Who Did What').

IRMA did not participate on the ground that being a specialised institute, it had few features common with other business schools and most of the parameters in the questionnaire were not appropriate and applicable to the institute.

University Business School, Chandigarh, refused to participate as the questionnaire sought information regarding its intellectual property. They referred to Appendix 3 of the RTI Act, 2005 that states information relating to intellectual property cannot be disclosed. The Act defines such information as: "Information regarding intellectual property which includes scientific findings by university teachers/scientists under various research projects sponsored by the UGC/government/university/any other funding agency. Information about research outcomes especially aiming at patents."

Our intent behind invoking the RTI Act was not to extract information for commercially-driven motives. It was an earnest endeavour to bring all the stakeholders of the management fraternity to a common platform and fill in the vacuum that exists as far as information on management education in the country is concerned. Keeping in view the express purpose behind this survey, one hopes India's premier business schools will voluntarily help bridge this gap and become more forthcoming in sharing information in future. ■

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NEW SCHOOLS

Challenging the brands

B.K. RAMESH

NEW IS GOLD, TOO: Some new B-schools pose a challenge to IIMs. Hyderabad's ISB, for instance, hogged the limelight when it set an unprecedented placement record in 2005

Challenging the IIM monopoly is the surge of a new breed of B-schools.

By Manashwi and Jayant Singh

JUST because I wasn't in the top 1 per cent of the 170,000 students who appeared for CAT last year, doesn't mean that I waste an entire year for another chance," says Raghavendra Singh, a student at Infinity Business School in Delhi.

This is the sentiment echoed by thousands of other students who realise that they are battling it out for a mere 1,400 seats at the six branches of premier B-schools.

The number of students appearing for CAT has almost doubled over the past five years from about 100,000 in 2002 to about 190,000 in 2007. The obscene differences in the salaries of MBAs and non-MBAs, perhaps, account for this. Biren Patel, regional director of Quacquarelli Symonds, a global company that offers education and career counselling, was recently quoted saying, "There is a 137 per cent disparity in salaries between an MBA graduate and a non-MBA with four years' experience."

It is not just the students who are queuing up but also institutes that are cashing in. A slew of new schools have emerged since the 1980s to challenge the brand IIM. Institute of Management Technology, Ghaziabad (IMT), Mumbai's S.P. Jain Institute of Management and Research (SPJIMR) and K.J. Somaiya Institute of Management Studies and Research (KJSIMSR) gained credence in the B-school space then. Today, these schools along with the newer Hyderabad-based Indian School of Business (ISB), Nirma University's Institute of Management (Nirma) in Ahmedabad and Management Development Institute (MDI) in Gurgaon, are as coveted as the IIMs. Almost.When these schools came up, older colleges such as the IIMs, Delhi University's Faculty of Management Studies, Narsee Monjee Institute of Management Studies and Xavier's Labour Relations Institute had already created a space for themselves. As a result, the new schools faced initial setbacks in terms of networking, placements, funding, etc.

"A major problem for any new B-school is the absence of a strong corporate network," says Umashankar Kumar of MDI, batch of 2009. "MDI was lucky to have a director with strong networks with the industry, which helped in initial placements." Lack of a brand name was another concern faced by many. But IIM-Indore, the youngest of the lot, would beg to differ. Even the IIM brand didn't suffice when it was set up in 1997. "We had to convince companies to come to us for campus recruitment," says Pawan Gulani, an alumnus of IIM-Indore. "It's only when you get your alumni in bigger places that you start getting better placements."

The Need To Innovate

"The attitude of students towards management programmes is getting more experimental," says Somonnoy Ghosh, director of Academics at Career Launcher, which provides test-prep education with centres in India, the Middle East and the US. New schools pointedly address this need. "My specialisation in insurance gave me an edge as an underwriter when I joined IFFCO TOKIO," says Garima Kripesh of Amity Business School, batch of 2006. "Amity was one of the very few institutes to offer such a specialisation."

This is one of the many innovative strategies that these new B-schools implemented in order to gain mind space. No longer is MBA the trend,

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Red Eye

Under the aegis

At one end, there are the new B-schools that came up to challenge the monopoly of the established ones, at the other end are the new schools set up by established brands as a challenge to the new schools. Confused? Don't be.

There have been several examples recently where, owing to increasing demand, old schools set up new branches or the parent organisation set up new schools under the same brand. It started off when the IIMs, after about 30 years of building their legacy, set up their branches at Kozhikode and Indore in the 1990s. Their latest destination is Shillong, where the seventh IIM is currently being set up. Indian Institute of Foreign Trade (IIFT), too, set up its Kolkata wing last year. Although it is supposed to be a separate college, the faculty at this point is the same as that at the Delhi centre. The placement process, too, is centralised for both the branches. Consequently, riding on IIFT's image, the new branch is likely to automatically enjoy good placements right from its first year.

A prime example of not being able to use the brand name to leverage its new institutes is ICFAI Business School. Even though it has 18 branches across India, only four — Hyderabad, Gurgaon, Mumbai and Bangalore — have fared well.

B-schools are now pushing innovation. Students chime the name of Wellingkar Institute of Management and IMI at the mention of retail management. SPJIMR and Nirma have modules of corporate social responsibility in their general programmes. At Nirma, students devise business plans for non-governmental organisations, which are graded by the NGO as well as the institute. "We assessed the awareness Counterpart (one such NGO) had developed over its five years in slum development efforts and designed programmes to further the awareness," says Ameya Dias, batch of 2007, Nirma. Addressing the need for global Indian leaders in a 'flat world', FORE School of Management offers a course on International Business Management.

"One doesn't go to a B-school only for the books and academics, but the experience," says Hanumant Paliwal, batch of 2007, IMT Nagpur. IMT Ghaziabad recently organised a vertical integration programme for the police where students observed application of management techniques beyond the corporate world.

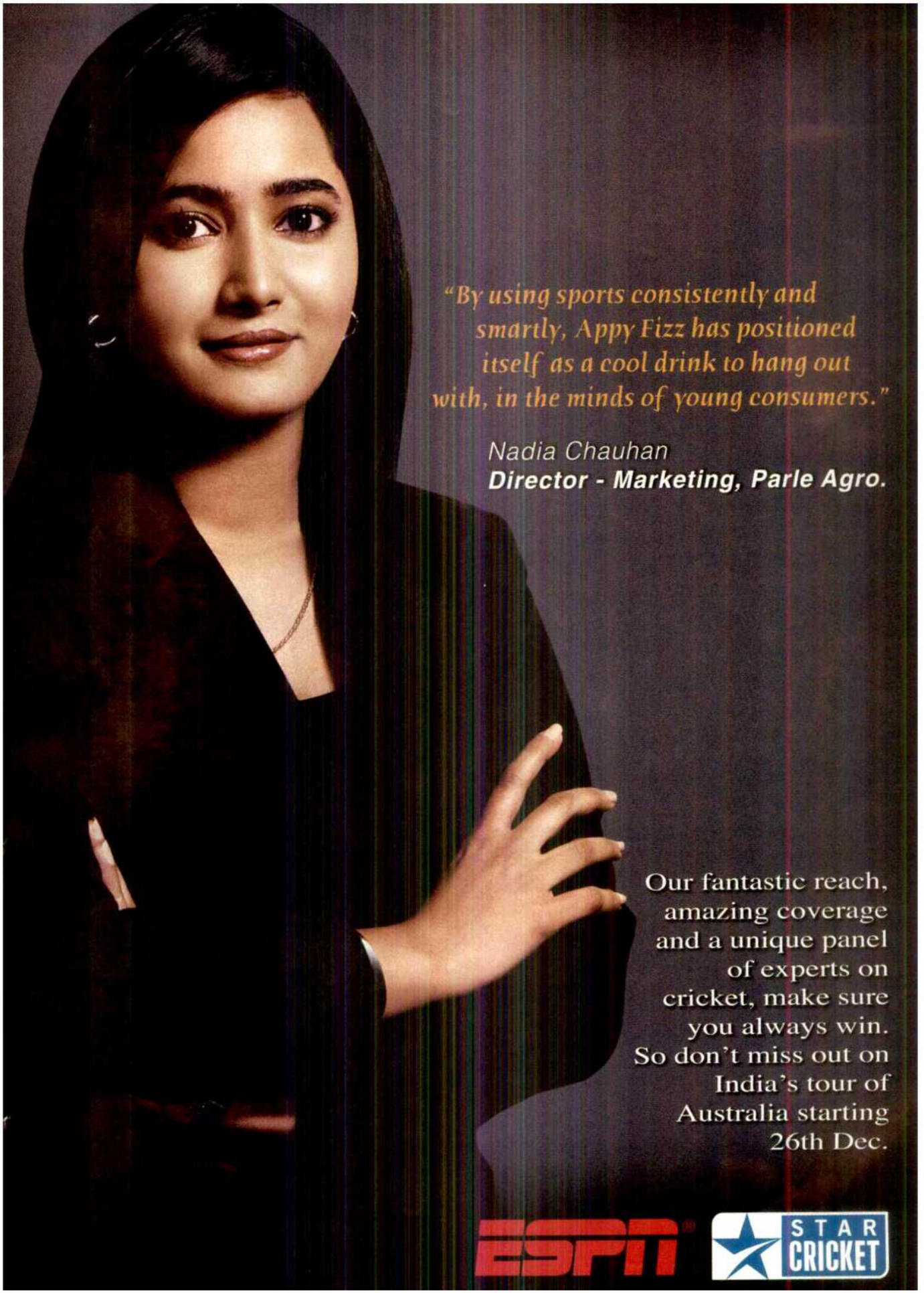
The scope for networking is also a decisive factor in the process of selecting an institute. Collaborative research, national and international conferences, faculty and student exchange programmes and other such partnership programmes help texture the students' personalities. "We can't confine ourselves to a small shell and globalisation can't be taught in a classroom," says B.S. Sahay, director of IMT Ghaziabad. "These partnership practices help overcome cultural differences that young executives may face in their careers." Asserting the same point, Upinder Dhar, director of Nirma, says, "The country visit, an initiative under the Family Business and Entrepreneurship programme, exposes the students to varied business scenarios while visiting a host of countries."

MDI boasts over 110 foreign exchange programmes with several major foreign universities such as Middlesex University and Cambridge University, which help students gain a global perspective. MDI is one of the few new B-schools to have shattered the tier-II image. With placements more or less comparable to those of the IIMs, MDI and some others such as ISB, SPJIMR and IMT have broken the IIM monopoly.

Started in 2001, ISB came to light when it set a placement record in 2005. It offers a one-year management programme since it primarily caters to professionals with significant work experience. "We have a special placement programme in which recruiters can absorb students in teams," says K. Ramachandran, associate dean for academic programmes and Thomas Schmedheiny Fellow of Family Business and Wealth Management at ISB. What ISB could have been lacking was in alumni networking, but students think otherwise. "Our alumni base might be small but it is at all the right places," says Neha Mittal, currently enrolled at ISB.

Exposure to industry practices or placements by companies are the result of creating networks with alumni over the years. "We make it a point to engage our batches with the alumni through our mentor programme," says IMT's Sahay. The mentor programme involves assigning groups of students to an alumnus mentor. Career Launcher's Ghosh comments on their upcoming Indus World Business School, "Due to our deep rooted presence in the industry, we have a strong alumni network ready", even before the first batch rolls out.

"Many institutes have sprung up making India second in the list of the number of B-schools in the world," comments Dhar of Nirma, on the sudden mushrooming of smaller new B-schools in India. "However, compromising on any parameter defeats the purpose." ISB's Ramachandran cites faculty crunch as a major problem faced by B-schools today. In due time, B-schools will largely have to turn to executives — which is a developing norm today — since the time investment in attaining doctorates is unsustainable. He believes there will be a 'shake-out' and only the serious will survive. We can only wait and watch. ■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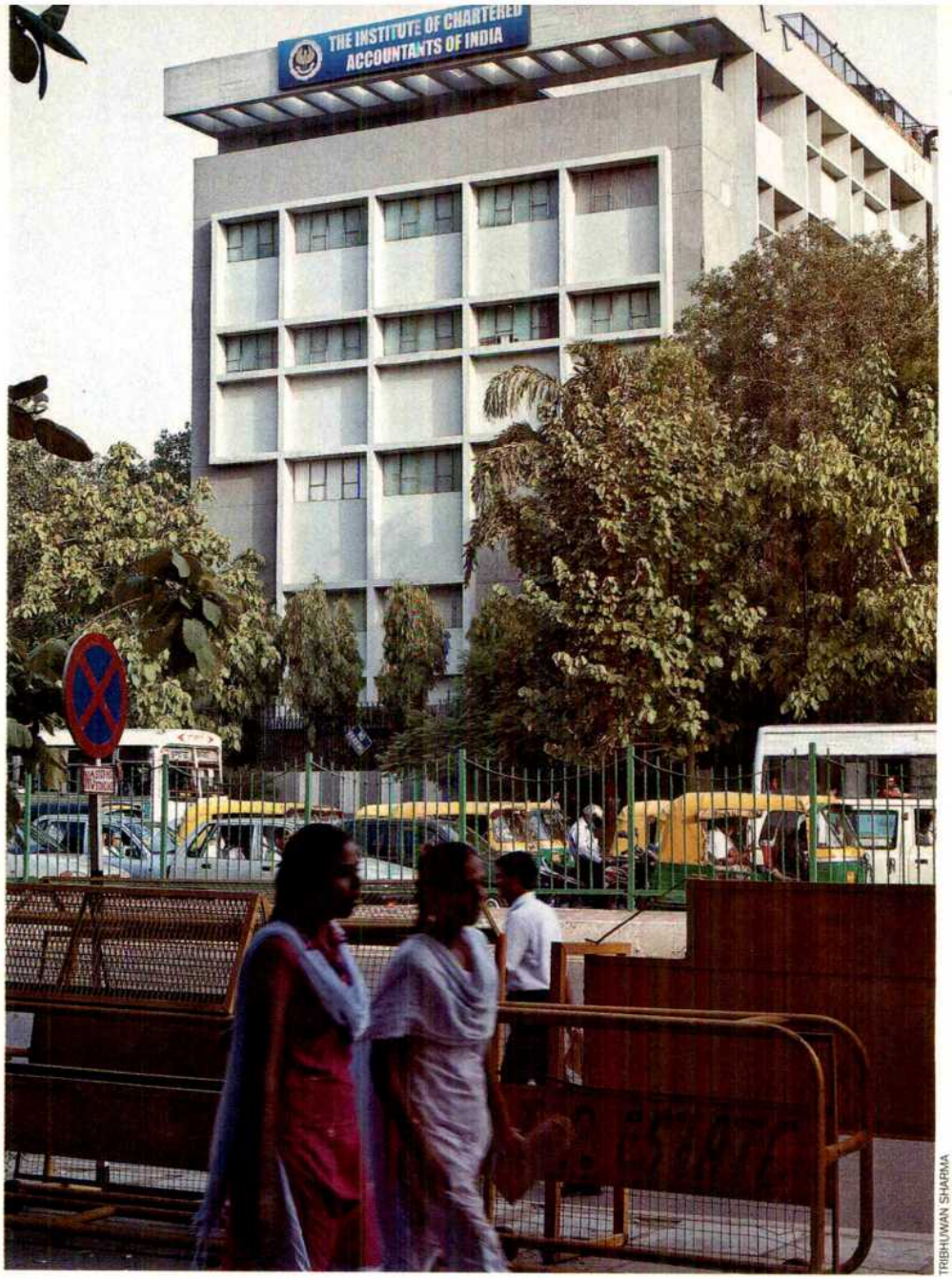

TRIBHUWAN SHARMA

OPTIONS GALORE: ICAI pays attention as the demand for CAs is on the rise again

THERE has to be a Plan B for B-schools. For India's 2.5 million graduates, options are not a matter of choice but necessity. Many have to rely on avenues other than B-schools. That's the bad news. The good news is that many are already doing this, in areas as diverse as carbon trading and mass communication. "Many graduates want to do an MBA but do not make it," says Vijay Thadani, CEO of NIIT, the Delhi-based software training academy. "Choices of good B-schools are limited and industry is in need of talent. Finding employable students remains unaddressed."

The role of universities as resource providers to the emerging knowledge economy in a globalising world was acknowledged by the National Knowledge Commission's (NKC) report, released earlier this year. It brooks no argument when it rightly acknowledges the inadequacy of around 350 universities, which are too few to cater to the needs of millions of young Indians.

The Right Turn

Conventionally, passing a chartered accountancy course is even more difficult than getting into a top-line B-school. "Very few clear it every year," says Kiran John, an aspiring chartered accountant. Taking his final exam for the past three years, John has two subjects to clear before gaining the coveted degree. But with B-schools remain elusively out of reach, CAs are finding renewed favour among students and industry.

It's not MBAs alone who thrive

A good career is waiting just as much for students not from B-schools.

By Vishal Krishna

"CAs are potential CFOs, and can later become company CEOs," says Nilesh Ganjwala, CEO of Mumbai-based Innergise Solutions, specialising in turning around loss-making small and medium enterprises. 1,840 CAs were placed in corporate houses in campus interviews across 14 centres this year. The highest salary of Rs 38 lakh was offered by an agri-commodity trading firm, Olam International. The basic package for 798 new CAs was Rs 6 lakh per annum.

The Institute of Chartered Accountants of India (ICAI), a statutory body established under an Act of Parliament, has a new exam format that requires students to clear three rounds of tests. It's also keeping pace with its contemporary role. Even though carbon credits are being transacted under the Kyoto Protocol and could eventually attract concessional capital gains tax at the time of transaction, there are currently no international accounting standards on emissions. ICAI has constituted a group to formulate accounting standards on emissions by the end of the current financial year. Future CAs could well be looking into revenue recognition, fair value of carbon credits, penalties and accruals.

This Way, Please

Counsellors observe that students in India's tier-II and III cities prefer conventional careers in business or hotel management, civil services and engineering, and remain chary of more adventurous careers in, say, architecture or fashion technology. With considerable emphasis on bookish scholarship, communication skills that help develop all-round competencies are sadly lacking. This leads to a demoralising deficiency in employability. Instead of taking up 'good' jobs they have no idea why they ventured into, career specialist and author of Penguin's best-selling double-volume on careers, Usha Albuquerque, would like to see students evaluate themselves in a process of self-discovery.

Sometimes, the low profile of some courses, such as the one in quantitative economics, mathematics and statistics offered by the Indian Statistical Institute, Kolkata, and its branches in Bangalore and Delhi, leading to careers in research, adds to the lack of awareness.

As a panellist on CNN-IBN in October this year, Albuquerque said that parents sometimes get obsessive in ensuring their children succeed. "A lack of awareness also contributes to the obsession," said Albuquerque. "We are in a country where there are so many opportunities. Parents should help and also allow their child to find their own way of success." Careers must be chosen keeping the students' skills in mind.

Fresh Options

Students, too, atleast the metropolitan cousins, are now willing to be more creative in their quest for careers. "There is growing interest in new communication technologies among the many graduates who want to be in the public eye," says Abraham George, dean of the Indian Institute of Journalism and New Media in Bangalore. "Print, television and the Web are bringing in so many students into media."

Alumni of institutes such as IIJNM and the Asian College of Journalism are now welcomed with better wages by industry. "Seven years ago, students found it very difficult to find a job," says George. "But now it is more competitive."

BW, in an earlier assessment of media schools, said the 'dearth of specialised media graduates resulted in hiring of fresh graduates from general management institutes. Many media bodies hire from IIM-Kozhikode, XLRI-Jamshedpur and Management Development Institute (MDI), Gurgaon'. This trend holds strong.

Me Too

The changing demands have kept companies

such as NIIT and Aptech, both pioneering computer science training academies for the past two decades, nimble-footed. Finding more students moving to software courses in engineering colleges during this period, NIIT reinvented itself as a talent creator, expanding its ambit beyond a trainer in software technology. It now offers courses in banking, retail, finance, and wealth management. "We have to train students for other sectors to make them employable," says Thadani of NIIT. "IT pushed the growth of other sectors in India, it made sense to move to other subjects." The institute offers a certificate course in retail management in association with the Indian Institutes of Management in Kolkata, Indore and Ahmedabad. It has also partnered with ICICI Bank to provide a 6-month certificate course in banking, with placement opportunities in ICICI's retail banking business.

The Scientific Spirit

Professor C.N.R. Rao, chairman of the Prime Minister's Scientific Advisory Council, has long been lamenting the disinterest of students in pure sciences. Those who finish their BSc in Life Sciences, or in Physics or Chemistry, no longer join only BPOs. The phenomenal growth of the pharma industry in India is testament to the country's need for original research.

THE National Knowledge Commission's report highlights the inadequacy of the present number of universities in the country, currently at approximately 350, which is too few to cater to the needs and aspirations of millions of young Indians. The country's graduates are finding, or being compelled to find, ingenious means to not merely survive, but succeed.

The small and medium enterprise sector is struggling to cope with rising employee cost. In the race to create patents, mid-rung pharma companies spend at least Rs 100 crore or more on their employees. "India has the science courses and we do have the talent to find scientists for the pharmaceutical industry. But it is training with quality instruments that is hampering our growth," says Ajith Kamath, chairman of Arch Pharma in Mumbai.

Kalpaja Dalavoi, director of Vydehi Institute of Medical Sciences and Research, says that hospitals around India are struggling to find technicians for labs and radiology departments. "Technicians are paid an average of Rs 11,000 as starting salary, just to retain them," she says. "But there aren't many students taking these subjects in MSc and BSc."

Alternative Thinking

Pockets of excellence are thriving quietly. The Indian Institute of Forest Management (IIFM) in Bhopal and the Indian Institute of Rural Management (IIRM) in Jaipur offer interesting alternatives to typical MBA schooling.

The IIFM-Bhopal, conceived by IIM-A in 1978, turned independent by 1988. "We train students in forestry, development and environment, impact assessment and carbon trading," says Professor K.N. Krishna Kumar of IIFM.

The logging industry recruits the largest number of students from this school. Since the central and state governments have forestry departments, students also become consultants for various departments. "Consultancy services are sought on a large number of subjects such as agro-forestry, grassland management and social forestry," says Krishna Kumar. The average salary of students who pass out of IIFM every year is Rs 6.74 lakh. The highest ever salary, at $22,000 (Rs 8.8 lakh), was bagged by a student for an overseas posting. Other employees include HDFC Bank, ICICI Bank, IndiaBulls and insurance companies who are making forays into smaller cities around the country.

The number of students applying for IIRM-Jaipur's rural management degree, offered alongside its MBA course, is also on the rise. "Our students study the rural economy, and building systems to develop the rural market," says S.K. Gaur, dean, IIRM. "Earlier, students joined NGOs or worked in research organisations. Today, the corporate world is creating rural distribution systems and is working with farmers."

IIRM-Jaipur's 100 per cent placement covers banks, financial institutions, marketing and agri-industry companies. The average salary of students graduating from here is Rs 3 lakh. IIRM-Jaipur does research and consultancy work for the government, too. A hundred and eighty students are selected from those who take the management aptitude test conducted by the All India Management Association.

The NKC report has suggested drastic measures to prepare the education system for newer needs, keeping in view regional imbalances. An authority for higher education, to facilitate the setting up of new universities especially through public-private partnership, is also awaited. The present lot of graduates would do well to think innovatively and grab a future that's rightfully theirs, instead of waiting for it to arrive. ■

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Illustration: ANTHONY LAWRENCE

INDIA'S TOP B-SCHOOLS 2007 A BW Survey

Back to school

Mid-career education helps both the employee and the employer. By Raghu Mohan

VISHNU Vasudev, 28, worked as a consultant at Mercer Oliver Wyman in New York, a leading strategy and risk management consulting firm to the financial services industry. Last year, he decided to go back to school — the Indian School of Business (ISB) at Hyderabad. With a Bachelor's degree in economics and political science from Middlebury College in the United States, Vasudev opted to return to India after close to 10 years. "I saw a degree at ISB as a good way to learn about the Indian market and find my feet in it, while at the same time getting a world-class management degree."

Arun Singh, a management graduate with 10 years of experience in diverse industries, also came to ISB in the middle of his career. "My reasons for quitting a comfortable position and taking up studies at ISB were many," says Singh. "Over the years, a certain feeling of inertia was creeping in. I felt I was becoming predictable in my thoughts and actions, getting more risk averse (which, in some cases, is a good thing) and in general tending towards a status quo. At the same time, my cognitive self was observing the rapid changes in the marketplace and the need to be nimble-footed. Another very important reason was the large peer pool of sharp intellects, which would serve to blow away the cobwebs of my inertia and help me regain the drive for success. Imagine getting to know 400-plus future business and thought leaders, personally!"

Filling The Void

Vasudev and Singh are just two of the many thousand young men and women who decide to go back to school after spending a few years on the job. And in doing so, they face some hard questions. Why leave behind a career that you may have already mastered to learn a whole new set of professional skills? Is your family ready to sign on to big changes in their routines? What if your new career does not necessarily turn into a bigger paycheck, or have you starting a few rungs lower down the ladder? Well, for many, the rewards are well worth the risk.

Learning New Tricks

Going back to school is the 'in' thing in India Inc. Companies are encouraging their 'hot-pots' to upgrade their skill-sets so that they can be fast-tracked up the corporate ladder. There is an emerging trend of highly vocation-driven training. Talent development opportunity is dominating the mind-space of planners and industry alike.

Given the high growth rate of the economy and the speed with which money is pouring into the country, it requires skilled managers with relevant knowledge to take on the challenge to build value and continue the growth rate. It is also about growth both at the individual and career level. Companies, in turn, are sending out a message: we care about our employees.

Take consumer goods-to-engineering firm Voltas. The firm has earmarked Rs 50 lakh per annum to finance the education of managers with three-year continuous service at major business schools, both in India and abroad. Sources in Voltas say that the idea behind the scheme is to help the managers gain additional skills in a dynamic market, and help them grow as leaders. Of course, those who go on such schemes to business schools have to sign a two-year bond with the company.

Yes Bank has gone a step ahead. It has a Yes Bank School of Banking under which it aims to enhance the knowledge requirements and needs of its staffers. Yes Bank President Deodutta Kurne says that the organisation encourages staffers to pursue their ambitions at institutes such as London Business School and Wharton School. "They are free to quit," he says. The salary, according to his colleague

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EnnEnn

B.K. RAMESH

ADDING VALUE: Arun Singh (L) and Vishnu Vasudev felt the urge to have a qualification in business administration after working for a few years and enrolled at ISB

Pramesh Khanna, vice-president of HR, is "substantially protected" when the staffers are at business schools.

There is another novel way the bank taps the entrepreneurial talents of its employees. It allows them to pursue their interests with full salary protection. "We have a certain gentleman called Vigyan Goradia who has floated a company called Goradia Associates, which is into micro-finance," says Kurne. "It fits in with our business model as a bank also as we are active both in micro- and agri-finance."

Niche Training

Even the armed forces are into it. The Indian Institute of Management, Ahmedabad, has a

Certificate Course in Business Management specially designed at the instance of the Directorate-General of Resettlement, Ministry of Defence (DGR-MoD). The full-time residential programme has 66 participants drawn from the three services.

The objective of the programme is to fine-tune the skills of officers for corporate requirements. The participants are handpicked by the DGR-MoD from the eligible officers. The current batch of officers training at the institute has lawyers, doctors, engineers, and commerce and finance graduates among them. The programme packs in all the modules of a standard MBA. So, it is an intense, high-pressure course.

The story is no different at the Reserve Bank of India. The central bank has to be on its toes to regulate a financial market, which is getting complex by the day. To upgrade the skills of its staffers, RBI deputes its officers to various external training institutes, conferences, seminars and workshops, both in India and abroad.

During the year 2006-07, as many as 871 officers were deputed for various programmes across India while 352 officers were sent abroad. To upgrade the skill-set of Grade 'F' officers, they are sent for about two-to-three weeks to leading business schools abroad such as those at Harvard and Columbia and the like. There is also an inter-institutional exchange of human resources in the form of a short-term secondment scheme.

Under the first such scheme, one officer has taken up a secondment with the Financial Stability Division at the Bank of England from April this year. Discussions are under way with the Banque de France on designing a similar short-term secondment scheme. For lower level officials below the age of 35 years, a Post-Graduate Programme in Banking and Finance (PGPBF) conducted by the National Institute of Bank Management (NIBM), Pune, has been instituted.

Four officers were selected during 2006-07 under the Reserve Bank's Golden Jubilee Scholarship Scheme for higher studies abroad. In all, 87 officers have been selected under this scheme since its inception in 1986. Ten officers were allowed to pursue higher studies during the year while one completed research under the Bank for International Settlements (BIS) Visiting Fellowship Programme. Another has been deputed for the post of India Analyst in a project being jointly run by the Bank of Tokyo and Waseda University of Japan. The point is, it pays to go back to school, both for the company and the employee. ■

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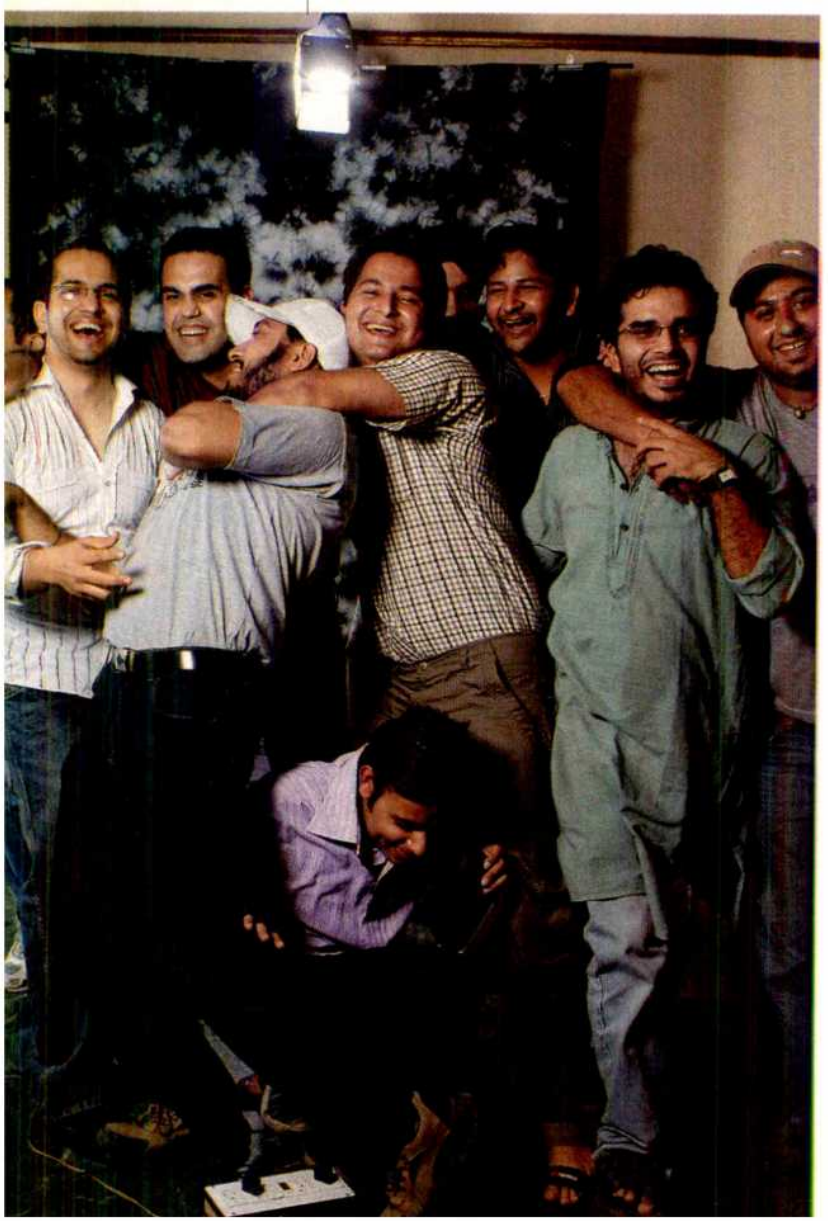
The ties that bind

The power of alumni networking is a big lure for B-school applicants as they realise the potential and the opportunity of belonging to one.

By Pierre Mario Fitter



CAMARADERIE: While B-school alumni meets are all about bonhomie, they are also great for business networking

THE traditional reasons for applying to top B-schools are easy enough to understand. First, there is access to best-in-class learning material and methods. Second, interacting with professors and visiting faculty at top B-schools gives you access to some of the finest thinkers on management. Finally, you carry a great brand on your resume while job-hunting.

Nitin Vyakaranam adds a fourth — networking — to the list. Vyakaranam returned to India after studying and working in the US for several years. He then set up his company but after enrolling for an MBA at the Indian School of Business (ISB) in Hyderabad. "I always wanted an MBA degree as it really helps in building networks," says Vyakaranam. Today, his company, TaxYantra.com, is proof of his belief in the power of networking through B-schools. Both his business partners are ISB graduates. In fact, six of the 12 people who work at TaxYantra.com have all graduated from ISB.

Bhaskar Medhi, a fellow ISB graduate from Vyakaranam's batch, is another firm believer in alumni networks. Medhi works for Apollo Health Street, which provides BPO and IT solutions to healthcare companies. "We were once trying to do some niche work in the US, so we threw our idea to our network," says Medhi. "They responded with help very quickly."

Vyakaranam and Medhi are not the only ones who have benefited from helpful B-school alumni networks. Shailesh Gandhi, professor at the Indian Institute of Management, Ahmedabad (IIM-A) and chair of its alumni relations centre, says that several IIM-A alumni have co-founded businesses with other alumni. In fact, IIM-A has even published special issues of its alumni newsletter, *Alumnus*, on this trend.

Bonded Forever

B-school alumni networks, however, are just not restricted to business alone. Alumni networks or old-boys (or girls!) clubs are enduring bonds that begin from the moment one enters school and last well into retirement. Being part of an alumni network means that you share unique experiences with fellow members — detention for blowing up the chemistry lab, staying up late cramming for an exam or playing innumerable, closely-fought cricket matches.

Not just B-schools, but institutions of higher

Smart approach to a fresh initiative

Mr. Hariharan Subramanian,
GM - Information Technology,
Safal National Exchange of India Limited

New ideas need new solutions. So when Safal National Exchange (SNX) decided to set up an electronic spot trading exchange for fruits and vegetables with online access, the idea itself was revolutionary and a first of its kind in the world. What they needed was a 'perfect solution' that could support the huge amount of expected information and traffic. A reliable, robust and intelligent system had to be put in place, one that would give SNX maximum uptime, especially since the trade exchange would be in perishable goods. Lastly, the trading would have to be completed and goods shipped, all in a matter of hours.

Welcome to APC-MGE's cutting-edge solution for SNX data center which is now the lifeline of the exchange. Simply stated, it is just the sort of a challenge that APC-MGE, the fully integrated solutions provider excels in.

SNX Challenge

"The value of Indian fruits and vegetable industry is around Rs 1 lakh crore with fruits contributing Rs 51,849 crore and vegetables contributing Rs 50,142 crore," says Mr. H. Subramanian, GM-IT for SNX India.

"The F&V sector is growing at a rapid pace (growth rate of fruits production is 8.5 per cent and vegetables is 13.2 per cent). This growth rate is due to the increase in high demand-driven production. Millions of farmers are involved in the production cycle for such produce and SNX is working furiously towards realising its vision of 'One India One Market'.

Safal has embarked on the world's first trading center for perishables. The key to its success is a cutting-edge data center solution

Its pioneering work in bringing in as many participants as possible is set to usher a revolution in the F&V industry," he adds.

The best way to meet the high demands of production and meet the expectations of million of farmers was possible only with the help of a sophisticated high-end data center, accessible through the internet, which would enable storing of all relevant information on their sellers and buyers, thus facilitating trade functions. In fact, SNX has already completed its pilot trading session in *Totapuri* mangoes during the last season during which "thousands of tons of mangoes were traded on this novel platform," according to Mr. Subramanian.

With the test run now completed, SNX plans to start its regular trading sessions with many more fruits and vegetables very soon.

The Role of Data Center

At the core of any online trading is a smart and efficient data center that is available at all times. Considering the nature of goods, any downtime would mean heavy losses not just to the farmers but also to SNX.

The solution they opted for: "APC- MGE provided customised Efficient Enterprise solution to the state-of-the-art data center at SNX. The data center is the lifeline of our exchange where 24x7 service is critical to provide better service to our members. The high-efficiency data center also enables our employees to provide all the information requested by our members at any given point of time, with maximum precision and in the shortest possible time," says Mr. Subramanian.

The APC-MGE mission critical solution came in with racks, UPS, cabling and power management systems, all rolled into one single unit for SNX. Installation of the required air-conditioning systems was also undertaken by APC-MGE. What SNX particularly liked about the solution provided by APC-MGE is "the modular, scalable design with integration of power and cooling that gives higher efficiency along with high availability. This data center design is capable of supporting upto two IT refreshes which would not have been possible with a more traditional approach," avers Mr. Subramanian.

He goes on to add that the high level of data integrity, reliability and availability are the other special features of SNX's data center. "Our exchange operations can retain members for a longer period of time by providing them better services and for which a world-class data center of this kind is essential," according to him.

Vote of Confidence

SNX is a pioneering idea that needed cutting-edge data center solutions. High quality technology infrastructure therefore, was the only answer that would make all the difference between a reliable and successful trading center for goods as delicate as fruits and vegetables. Little wonder then, when Mr. Subramanian explains that "Safal National Exchange chose APC-MGE to provide solutions for its data center which offered high precision, reliable technology with customised services." After all, unique ideas need unique solutions.

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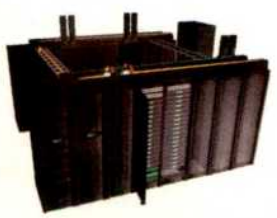

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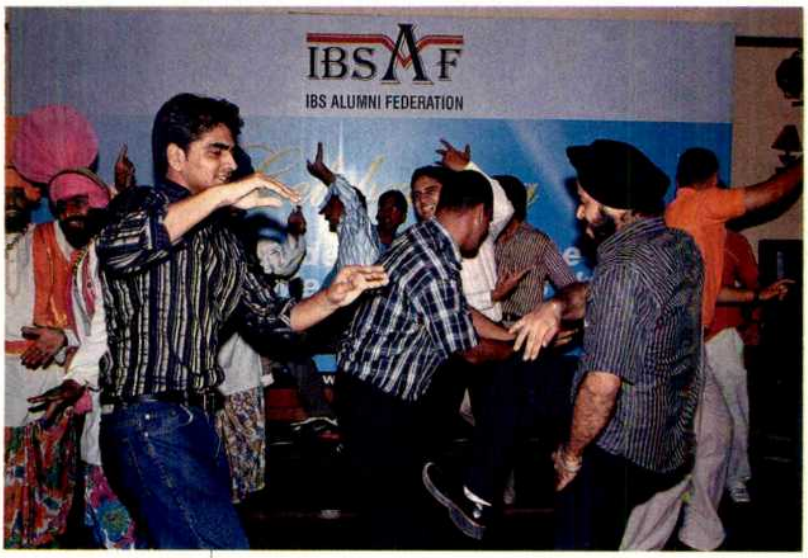

IT'S THE TIME TO DISCO: Alumni of ICFAI Business School at a re-union party

education, too, understand the value of the old boys' network as a marketing tool. Oxford University proudly displays a long list of famous alumni, which includes kings, Nobel Prize winners, Olympic medallists and even Saints on its website. It's not surprising why many students want to be part of such company.

"B-schools are all about networking," says Shivanand Sinha, an ISB graduate who works for McKinsey&Company in Singapore. "It's one of the most important criteria applicants consider when applying in these schools." Indeed, while many students still go for big-brand institutions, networking with successful alumni is fast becoming a key criterion for applicants. This is especially true for B-schools where the average student has several years of work experience between their MBA and bachelor's degree. "After spending time in a corporate environment, students put more value in having a wide and active network," says Medhi. "They begin helping you from the day you walk out."

Instant Connect

B-schools themselves are ensuring that the maximum possible networking is taking place. IIM-A, for instance, has an alumni council and alumni chapters across the world, which meet regularly. If faculty members visit cities where these chapters are present, they often attend these meetings to bring news from the institute. It also organises an annual 25-year reunion event. "Such reunions are a great success ," says Gandhi. "The events also provide a platform to connect with batch mates and *gurujis* who taught these students." The Faculty of Management Studies in Delhi, one of India's oldest MBA institutes, organises '*Bees Saal Baad*' (20 Years Later) reunions. According to the school, these annual dinners attract participation of nearly 1,000 students, alumni and professors each year.

The Indian School of Business, although with a smaller number of alumni than the older schools, is also active. Several alumni visit the school during the recruiting season that lasts through the winter. They help in preparing students for job applications. An active mentorship programme exists where alumni mentor current students through the academic year and advise them on everything from work-study balance to employment opportunities. Sinha says that many alumni-mentors view this process as a sort of job interview. Alumni are able to observe their protégés as "potential employees" over the course of a whole year.

Swati Singh, the first woman officer in the Indian Merchant Navy and later an ISB graduate, now works for Tishman Speyer, a real estate consultancy in the UK. Singh agrees that it is much easier to hire an alumnus from ones' own school or even start a business venture with them. "This comes from a feeling of comradeship, a bit like belonging to the same family which instills instant trust," says Singh.

However, Vyakaranam adds, "In larger organisations, there is scope for alumni from the same school to form cliques at the work place." Such workplace cliques tend to alienate colleagues from other schools. They also have the potential to create a human resources risk for the company. If an employee from B-school 'A' decides to leave, his or her colleagues from the same B-school may contemplate the same.

Medhi, an ISB graduate from the 2006 batch, says that senior management is usually aware of such possibilities. "The top management discusses issues such as management cadre mix and this tends to influence hiring decisions."

Raja Balasubramanian, an IIM graduate, who now works for Discovery Communications India, discounts workplace cliques as a major problem. "These (alumni cliques) might form in the initial few months; however, they fade out after that as other business factors start to matter more than one's business school," he says.

For B-school graduates, it's that early big break that they are hoping for, anyway. It is why thousands of applicants are willing to fork over lakhs of rupees to study at premier B-schools across India and the world — and be part of an elite and, perhaps, successful group. ■

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COLUMN: ALKA BAKAYA

MBA in the '90s

INDIA'S TOP B-SCHOOLS 2007 A BW Survey

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AMIT VERMA

S.P. JAIN was a big milestone in my life. Brand MBA has changed in many ways since then. There is a greater emphasis on work experience in order to really appreciate the fundamentals of business. We were greenhorns in that fashion, straight out of graduation or engineering degrees. For us, our first jobs were the time for testing our two years spent at the institute and then failing to apply the ideal concepts we had learnt in class.

It was a big deal to have a management degree in the early 1990s just as it is today. But the number of management schools available today are innumerable, and the alma mater you belong to makes all the difference in you as a marketable brand. The emphasis on work experience to my mind is a good thing because you can draw more from a curriculum that teaches application than a purely academic experience you attempt to apply on your own later. But I believe that the joy of discovering your own self stays as you learn to negotiate yourself in those early days as a professional and, later, in the business world.

The first image that comes to my mind as I think of my MBA years is, MBA and married. I had the distinction of being the only married person in my class. A cause for much speculation and intrigue since I succeeded in achieving that status somewhere between securing admission and joining.

S.P. Jain was a time where many of us discovered various aspects to our personalities. These discoveries ranged from us being orators to philanthropists to great visionaries to creative think tanks and, last but not the least, great romancers.

A myriad experiences contributed to these discoveries. Morning 'cutting' and '*chais*' with 'bun-*maska*' at the canteen, playing badminton in the middle of the night, shared and rationed access to Samuelson and Nordhaus, unending group work with diverse teammates, early morning classes with mates in trousers hastily pulled over pyjamas followed by late-night visiting guest lectures, pouring over management theories through the night in the hope of clearing exams at dawn, serious complaints of the boys hostel bearing the burden of women sacking out in their private sanctuaries, the desperation for food given the poor culinary skills of the cook at the common mess and creative solutions being found to it, hurried romances and heartbreaks in the 'insti' over love and placements, etc. etc. The list is endless... But the one thing that I did gain — and I am reasonably certain others did, too — was confidence... in myself as a professional and the ability to attempt problem solving.

It was a sound curriculum, and as an educational experience, I thoroughly enjoyed the brainstorming in all our projects and the wonderful 'perspective management' classes conducted by M.L. Shrikant, who taught us how to integrate the various management concepts that we learnt with a larger view to running a business and its fit into the economy. The discussions on Michael Porter and his theories on competitive advantage, Peter Drucker and Dominique La Pierre's *City of joy* helped integrate business into the mainstream of life. Also, since S.P. Jain is located favourably in the city of Mumbai — we had access to visiting lectures from eminent professionals exposing us to the realities of business. Another invaluable contribution to my life is my classmates, people who are my friends and my network that helps me learn more about business every day. In no other place would I have had access to such a diverse body of individuals to work with at one time.

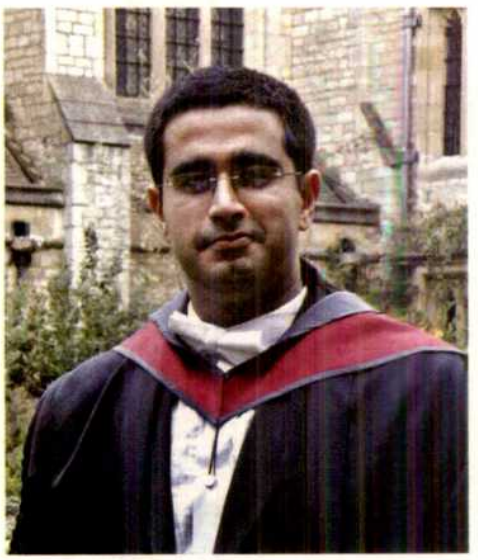
Over the years, I have learnt that doing business is nothing else but decision making. Great professionals are those who can take decisions and then have the guts of steel to stand by them. I think an MBA contributes a body of knowledge that helps develop that gut feel. ■

S.P. Jain was a time when many of us discovered various aspects to our personalities

COLUMN: VAIBHAV PURI

An MBA's value

Vaibhav Puri graduated from Oxford University's Said Business School this summer. He currently works at a leading investment bank in London as an associate in the equities division



AFTER spending close to three years in the consulting domain, I felt the need to enhance my theoretical concepts about business and add a practical understanding of cultures from around the world. An MBA is one of the most effective ways to achieve this goal, and the decision to return to study was a logical next step.

At the B-school, the diversity in nationality and business functions was amazing. A 'typical student' could be anyone from a Korean accountant to a Chinese management consultant to an American army officer. The permutations and combinations of people were astounding. The university also helped me interact with students from diverse fields — literature, science, politics, history — all major streams at Oxford.

At first glance, the need for such diversity seemed trivial. It was only after I interacted with these students that I realised how rounded my MBA experience could be. Spending time with such a diverse set of people made me think differently not only about business, but my life as well, sensitising me to different ways of thinking. Today, this broadened worldview has more than helped me in my career as I work in what is arguably one of the most diverse cities in the world — London.

The second most important component of my MBA was the quality of education. Every subject at Oxford was taught by highly dedicated teachers. The granularity and comprehensive detail demanded from my coursework has equipped me to add that extra value to my job every day. It has given me the tools to understand complex financial products and to structure my thoughts while analysing problems. Today, if someone asked me if I would be as effective in my job without going through an MBA, my answer would definitely be, 'no way'.

In addition to my professional objectives from the MBA, what really drew me to the University of Oxford was its 700-year-old heritage and culture of exceptional learning. From evening dinners in some of the oldest and most beautiful buildings in Europe, to early morning rowing competitions on the river Isis, my experiences at the University groomed me into someone I never imagined I could be.

Also, the alumni base is extremely important, at work as well as in personal life. The contacts you make at the university help you integrate into social and business networks, an important feature for success in today's business environment. With the benefit of hindsight, I will give a few extra points to larger universities as compared to standalone B-schools. The history and networks that larger universities have can add a lot of momentum to your career.

My advice to anyone looking at an MBA is to look for one that helps hone your interpersonal skills while providing diversity and a strong learning environment. This combination will take you further in your professional career in today's global environment.

An MBA is an investment in terms of career prospects as well as personal development. The decision to leave work and return to school needs to be well thought out and planned for in advance. I would recommend making an honest assessment of your career, interests and skills, and identifying the gaps between where you are today and where you want to be. The MBA programme you choose should be the one that best fills those gaps and gives you the broadest education possible — both in classroom learning as well as diversity of experience.

Most prospective B-school students base their research on magazine rankings and career placement reports. These are important factors, but it is just as important to focus on the quality of education and diversity in a school's extracurricular activities. No matter how clichéd it may sound, at the end of the day, the knowledge you bring to the table isn't the only measure of your effectiveness in the workplace. It is that knowledge coupled with your ability to work with people that makes all the difference. ■

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At SONA - Learning is a Celebration

FUN

INDIA'S TOP B-SCHOOLS 2007 A BW Survey

Cool schools

B-schools are intimidating portals of excellence only for desperate aspirants. For students, learning is fun.

By Meghana Biwalkar

A STUDENT'S willingness to turn each day into a new adventure finds creative outlet in on-campus recreation activities. Whether it is sharing a conversation and dinner or competing at events or a gathering of friends over live music, most B-school campuses have an eclectic range of extra-curricular activities. The amenities match that of any major university but their intimate scale involves participants in the manner of a close-knit, friendly community.

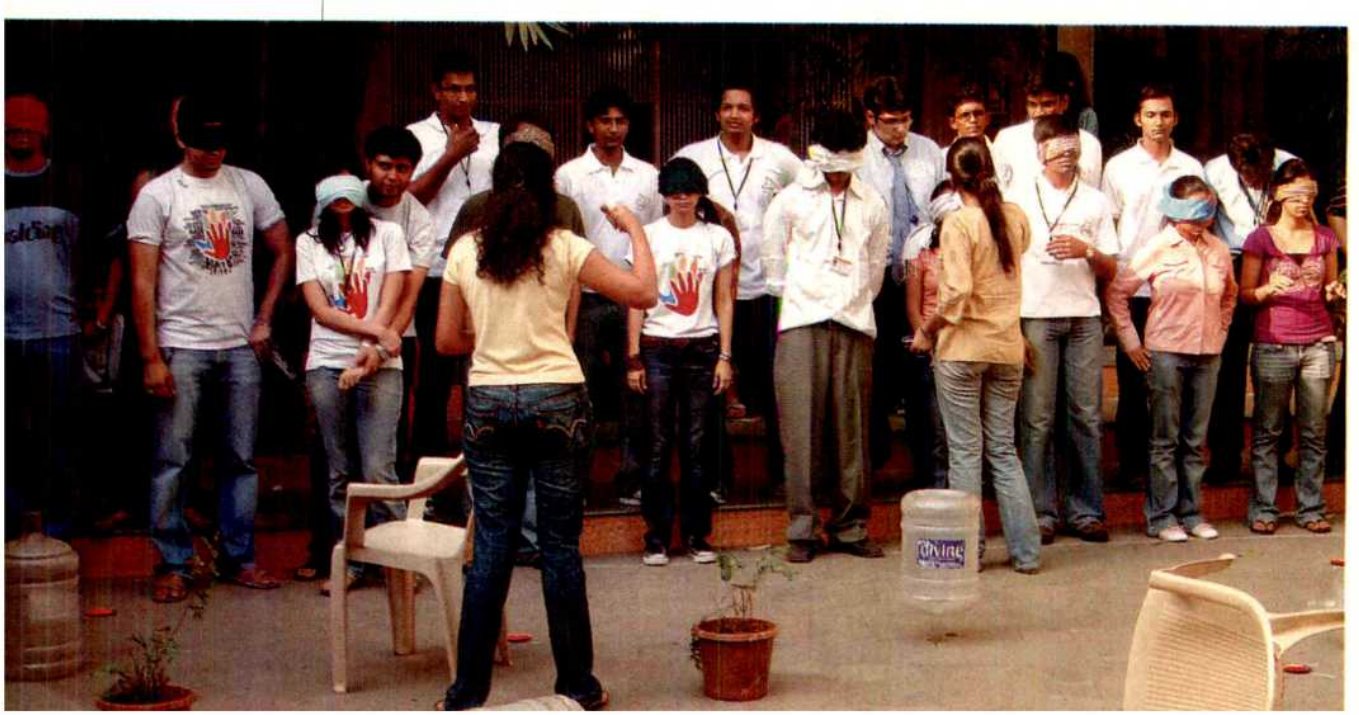
One of the best things Saugata Gupta learnt at his B-school was to balance discipline with fun. Says Gupta, who passed out of Indian Institute of Management, Bangalore (IIM-B) in 1991 and is now CEO of consumer products at Marico Industries, "I learnt how to work in groups, which brought out the fun element of learning."

Students expect and, indeed, need, more than just academic learning from colleges. Such learning happens not only within classrooms but outside them. Most B-schools encourage students to participate in and organise business conclaves, seminars and events that focus on new developments in marketing and finance. "These activities help students understand market realities and give them an opportunity to interact with industry professionals," says a professor from a leading B-school. "This enables them to be more confident, enhances their learning and increases their ability to work in a group. Besides, students enjoy themselves when they are part of a community."

Play Way

The process to ingrain the schools' ethos and develop a sense of belonging starts from the first day of college. Seniors across colleges do their bit to make new students comfortable. At the Narsee Monjee Institute of Management Studies (NMIMS) in Mumbai, seniors organise a series of cultural events and seminars during the induction week.

The IIMs, on the other hand, provide a lighter touch to the effort. In the first week of a new academic year, seniors have a naming ceremony for their juniors. It's this new name, which could be a simple 'Sid' or a more confounding 'Tili' or even 'Ponds' that the students bear for the duration of their study at the institute.



BREAKING THE ICE: Students have a moment of fun and play at NMIMS in Mumbai

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** IIMs have no role either in the selection process or in the conduct of programme*

So, if it's nicknames for some and cultural programmes for others, some management institutes start by emphasising on the serious aspects of building team spirit — though it may not always be a serious form of corporate management exercise. At the International School of Business (ISB), Hyderabad, the entire batch is divided into sections for a round of team-building games. This helps break the ice faster than the month or two the process would take in the normal course. ISB offers a one-year programme, so time is of essence. Further, the professor-student relationship plays an important role. Most B-school campuses also have a faculty mentorship programme: every student is assigned to a professor, who guides them through their academic and non-academic problems.

MASS DUNK: Students at ISB, Hyderabad, indulge in one of their team building games

"Every professor is assigned 10 students," says Siddhartha Gopalakishnan, student of IIM-B. "This interaction is on an informal note; its subjects could range from life in general to careers."

Institutes such as the Jamnalal Bajaj Institute of Management Studies (JBIMS), Mumbai, follow a corporate mentorship programme. Here, students are assigned to an alumnus of the institute. The institute believes this is a good way to help students understand what it really takes to make it in the corporate world.

Festivals and birthdays are important celebrations. At IIM-A, for instance, on the eve of a student's birthday, a PowerPoint presentation full of anecdotes is uploaded to the college's local network. Exams and placement days see students cheering each other, or generally easing the atmosphere.

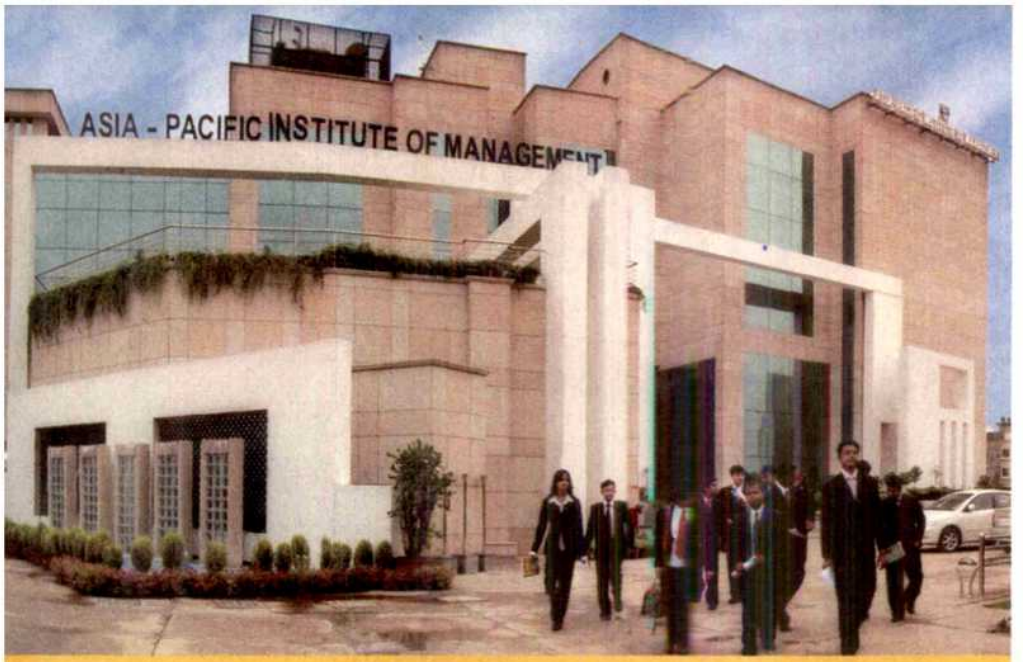
Recently, IIM-B launched *Oops!*, its very own gossip magazine, which gives details on recent campus developments, an update of students, etc. Some other B-schools believe in creating an anthem. At JBIMS, the old Bajaj scooter jingle is turned into an inspiring motto: *Buland Bharat ka Buland Tasveer*. "This sort of thing helps ease pressure and works as a good break from serious academic pursuits," says Vikramaditya Ghosh, a student of ISB. The jest continues even during critical times such as annual exams or placement periods. To fight stress during exams, ISB students circulate jokes on students, corporate business and even professors through their internal system.

Serious Is Not Boring

Despite all this, and perhaps because of it, the competitive spirit thrives undiminished among B-school students. In fact, this spirit is not limited to college as students compete with corporate employees in areas such as sports, dramatics and quiz. ISB, for instance, participated in a corporate cricket match that was held in Hyderabad. The students also presented a play in collaboration with Microsoft at their annual day event. And taking a step further, IIM-B has developed unique games called Tsepak Ball, a variant of the Malaysian Tsepak Takraw, and box cricket. Addiction is nearly guaranteed, agree students.

With all the fun nonetheless, the students are also serious about corporate social responsibility. IIM-B has students who teach local kids. ISB has a service wing, too, which offers adult education for the institute's support staff. "Most students at ISB have more than four years of work experience," says Amit Yadav, an ISB student, specialising in analytical finance and strategic marketing. "This makes it difficult for many of us to return to studies but on-campus activities make it easier for us to adjust to the curriculum." Some are even serious of running a business project in addition to their curriculum. ISB's local internet-based streaming community radio station plays pre-recorded songs. Students of IIM-A and IIM-B run campus stores. IIM-A's Entrée stocks T-shirts, mugs and other curios designed by students. "It's all about what you make of this unique college experience," says Associate Director of Fitch Ratings Peeyush Pallav, who graduated from IIM-B in 2002. "Each college offers something for everyone."

Without a gentle contempt for education, said G.K. Chesterton, no man's education is complete. ■



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cover story

Being customised

TAKE A LOOK AROUND: Companies seek to train their own and the MBAs may have the short end of the stick

Contrary to popular belief, there are many scouting for non-MBAs.

By Raghu Mohan

WHAT do the three letters MBA stand for? We all know the answer, but late Dhirubhai Ambani had his own unique take on it: '*Mane Bhadhu Aave che*', which in Gujarati means, I know everything. He himself did not go to college. Some say education is killed by degrees; Dhirubhai's older son Mukesh Ambani dropped out from his MBA programme at Stanford after his first year, returning to assist his father. Mukesh has since taken Reliance to new heights and in the process made himself one of the richest men in the world.

Of course, MBAs have their uses. But there is a new reality on hand: the business of making money has got more complicated, and newer ways of making a pile, too, have emerged. You can practise at the theoretical level, and be good at it like MBAs usually are. Many join firms such as McKinsey and KPMG, which do just that. Or you theorise at the practical level, and help firms and all their stakeholders make money.

The second option seems to be emerging as a good choice. More and more companies are opting to take on candidates who are not MBAs, and grooming them. Why so? Take the banking sector: it is currently estimated to employ 900,000 people and this number is expected to grow to 1.5 million over the next five years. A recent survey by McKinsey made this key point. Indian banks have had access to better talent than other global banks, leading to superior organisation performance on average. However, it is well known that incumbents suffer from a severe lack of specialist skills and new-age leaders. "They need to act urgently to attract, hire,

develop and retain the best available talent to ensure sustained growth in the long term," says the McKinsey survey. While not all these jobs require an MBA, even meeting the desired number is proving to be a near impossible task.

"We try to get in diverse skills, and tap various segments of the entry-level market such as B-schools and CAs," says Madhavi Lall, head of human resources at Standard Chartered Bank (StanChart). "We are also exploring recruiting engineers with analytical skills to understand banking products. Other non-conventional talent pools such as housewives and part-timers are also being tapped. We recruit on the basis of skills rather than just academic qualifications."

"We employ individuals and, as a result, we have human material to work with; we don't employ a particular educational background," seconds Oscar Rosendahl, global head of HR at A.P. Moller-Maersk Group. "People are fundamentally difficult to change. Therefore, we seek to identify people who have been successful in functioning and developing the tasks they are set."

Lall's and Rosendhal's views on academic qualification not being the sole benchmark are critical. Tata Steel's Managing Director B. Muthuraman said in January that the company was "not likely to recruit" Indian Institute of Technology graduates any longer. Speaking at the Ruby Union meeting of the pioneer batch organised at his alma mater IIT Chennai, he said that often final-year students did not even know the authors of books they were supposed to have studied! Anecdotal evidence suggests that few continue to be voracious readers after their stint at these prestigious institutes. The point, however, that Muthuraman was making is that the ability to connect with the real world is more important.

Freshers For Fresh Roles

StanChart recruits a large number of employees in various roles and business units. However, a big portion of the resourcing requirements is in entry-level roles such as branch banking, small and medium enterprises, relationship managers and credit analysts. "While these roles do not require specialised skill sets or significant prior work experience, their impact on productivity is almost immediate," says Lall. "Hence, we decided to increase the intake of freshers who would be recruited and trained to take on various roles in the bank." The bank has signed a memorandum of understanding with the S.P. Jain Institute of Management and Research (through Bhavan's Centre for Inter-disciplinary Studies) for introduction of a special training programme on corporate banking for graduates. StanChart will absorb all the students at salaries comparable with packages for fresh business school graduates and pay the fees for the training programme and residential costs—all amounting to Rs 1.5 lakh per student.

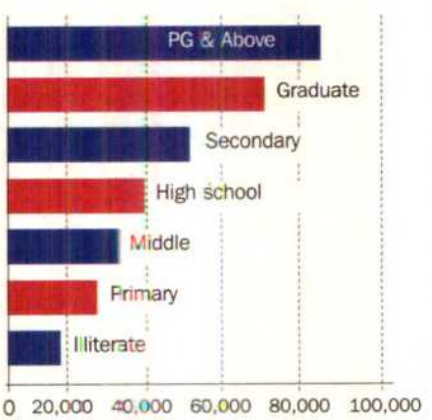
The A.P. Moller-Maersk Group takes entrants on training visits to Copenhagen. On completion, they can apply for a position abroad. The group also offers a variety of courses, including management training in collaboration with some of the world's leading business schools such as Harvard, Wharton, Insead and IMD. These courses are provided as opportunities to individuals with exceptional abilities. The company is now developing a new leadership training programme, to be launched in 2008, for emerging leaders. Besides graduates of the entry-level programmes, this will also be open to emerging talents and late developers who were not previously on an entry-level programme, as well as employees of other companies. In effect, a seamless human resources policy.

Serving In The Hinterland

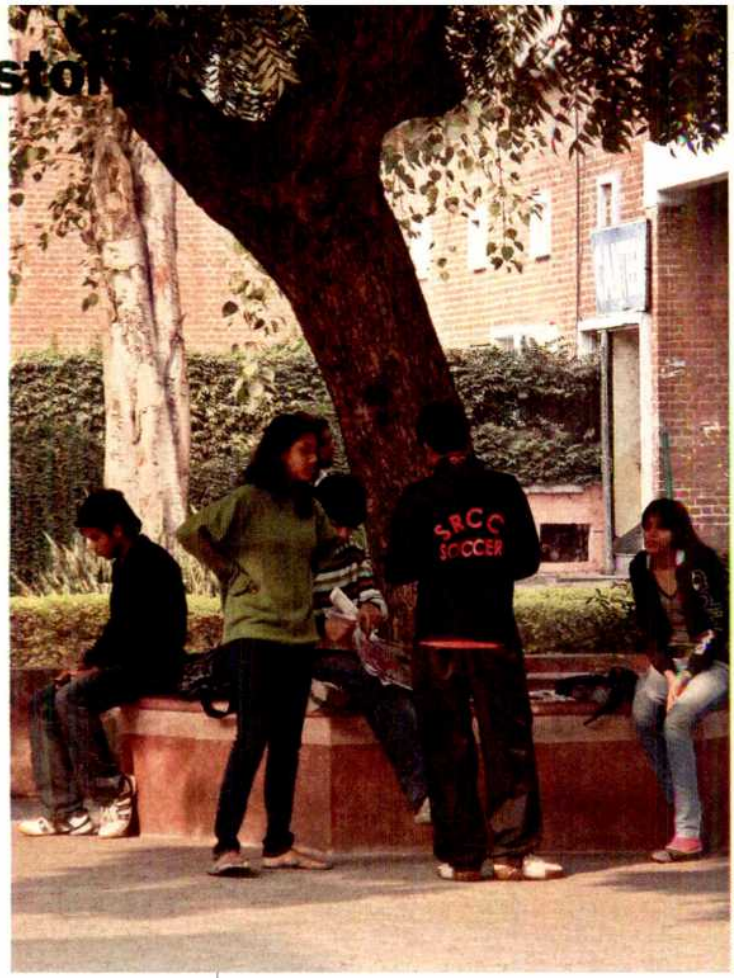
ICICI Bank's General Manager K. Ramkumar has a rather strong view on talent shortage. "There will be a talent shortage if you look at only the metros and those who are articulate in English," says Ramkumar. "A leader should not just consume resources but also replenish them. We intend to tap the intelligent and numerate vernacular pool." A reason why the bank is tapping the vernacular pool is its huge rural banking ambitions. The skill sets required to serve customers in the hinterland are very

Bridging the gap

With an increment in education level the average prevailing income level shifts up. The numbers are average values of income (and thus are indicative) for the salaried as well as the self-employed in the working age group.



Figures are annual median income in Rs; Source: NDSSPI 2004



RICHA BHARDWAJ

SOLD! Delhi's Shri Ram College of Commerce saw Lehman Brothers picking up six students for Rs 14 lakh packages and Bain & Company picking another six for Rs 7 lakh packages, this year

different. Take ICICI Prudential. It has entered into a distribution tie-up with Hariyali Kisaan Bazaar, the rural business arm of DCM Shriram Consolidated, to offer financial solutions. For the past five years, Hariyali Kisaan Bazaar has been serving farmers across Punjab, Uttar Pradesh, Haryana, Rajasthan and Uttaranchal.

In view of an emerging shortage of skilled staff, ICICI Bank pioneered a partnership with academia in August 2006. Directors of 35 business schools and the bank came together to scale up the employability of graduates through vocational education in graduate colleges via the 'Foundations of Banking'. The curriculum covers the basics of banking, retail, corporate and business credit, rural finance, insurance, customer service and business etiquette. The aim: get 50,000 folks worthy of being employed in the banking sector, at ICICI Bank or its rivals.

Made-To-Order Professionals

The hospitality sector is also in the throes of a manpower crisis. Reports point out that the growing industry is facing 35-45 per cent shortage of manpower. Though the Indian hotel industry is booming, the erosion is also setting in. The staff crunch is compelling hotel majors such as Royal Orchid Hotels to set up hospitality management institutes to meet internal staffing requirements. "Traditionally, B-schools were the only source providing entry-level management-cadre manpower to the hospitality industry," says Narotam Ahluwalia, vice-president of HR at Royal Orchid Hotels. "Today, the service industry is looking at hotel-run institutions as the most valuable manpower source rather than just the B-schools."

It is hoped that hotel-run institutes will also tackle the escalating attrition rates, growing at 10 per cent per annum in metro hotels. By 2010, there will be 2.9 million hotel rooms; star-category hotels will have nearly 100,000, and the remaining will be in the unorganised sector, denting resources due to manpower shortage.

Graduates with general management skills from B-schools look at the hotel industry as a springboard to high-paying sectors. However, courses at group-run institutions focus on just what the hotel industry needs; operations and management of hotels, food and beverages, service techniques and management, tourism economics and accounting, and human resources management for the tourism industry. "Internships from their own institutions also allow the hotel industry to train and identify suitable candidates at an early stage," says Ahluwalia. "The training programmes contribute to continual supply of suitable professionals to the hotel industry."

The shortage of talent has spawned firms that help bypass the B-schools altogether. 24 x7 Learning is an e-learning company providing solutions to corporates and educational institutions. The company's 'Skill Bridge' initiative is designed to enable students to acquire skill sets needed in the corporate world. The programme aims to upgrade the behavioural and IT skills of fresh engineering and management graduates to make them truly employable.

India Inc.'s biggest challenge is talent shortage of 500,000 knowledge workers by 2010, according to a Nasscom-McKinsey report, and this is compounded by the fact that only 25 per cent of fresh engineers are employable by multinationals. The company's eight-month programme is focused primarily on engineering colleges in the tier-II and III cities where job-placement records are low due to skill gaps. "Besides helping these students acquire the skills required, the company will also help them get employed with leading corporates," says K.S. Srikanth, CEO of 24 x7 Learning.

It seems companies are looking away from 'I-know-everything' types, and are warming up to the 'make-me-learn-everything' ones. ■

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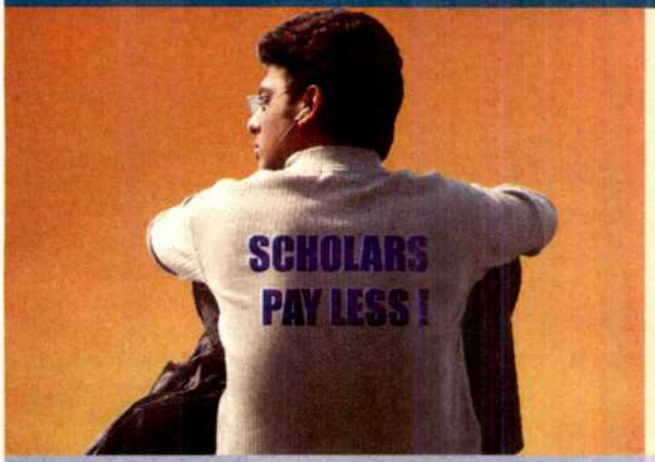

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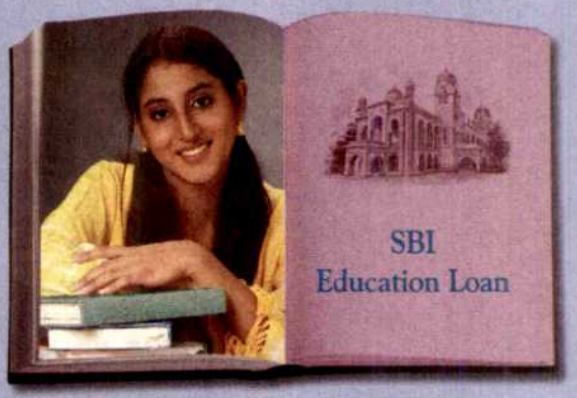

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Who doesn't want to be an MBA?

Photograph: SANJAY SAKARIA; Imaging: MADHUMANGAL SINGH

Is MBA the new IAS? The degree has come to symbolise prestige and status, besides professional acumen.

By Dharminder Kumar

THOSE in search of the holy grail of good life don't need a Dan Brown to tell them that the password is M-B-A. Things, in post-liberalisation India, have come to such a pass that a professional degree has acquired the incantatory power of a pre-historic spell. The suffix opens every door for you, besides the mighty gates of corporate heaven. So, people as unlikely as wannabe brides, retired mandarins, party hoppers and, believe it or not, office boys want to do MBA; the acronym mantra can get you a good husband, addle your bored mind, add to your snob value and help you a few rungs up the job ladder. More than an ability, MBA has become an attitude. People are so smitten with pinstripes that sooner or later a designer will have to come up with a line called MBA chic; imagine a parade of laptop-lugging, files-hugging, cellphone-kissing models down the ramp!

Indian culture is never shy of riding new icons to perpetuate itself forever; MBA is the latest addition to its vast, accommodative pantheon of gods. The IIMs are shrines no less for the hypnotised hordes who have a blind faith in the magic of the acronym.

These are the people who have perfected the cultural appropriation of a professional degree. Leading them is a variety of girls who have no intention to clamber up the corporate ladder, for they are engaged in the more important business of life; they want to get married. The reader may ask: since when did they start teaching match-making or relationship management in business schools? The reader will do himself a favour if he recalls the times when doctors married doctors, and engineers, engineers. Well, reader, the times have changed; now MBAs marry MBAs. In certain families, MBA has come to be as important as rites of passage; the boys aren't men until they are MBAs. A politician's son becomes a perfect heir only after he has a US business degree under his arm. Then there are the knowledge diggers, the retired-but-not-tired people, who just want to indulge their minds, for MBA is not only a cultural symbol but also regarded as a DIY guide to the world. MBA is a social trophy for a certain variety of party-goers who used to entertain themselves with social work during the licence raj. It's a measure of MBA's centrality to Indian culture that even Bollywood had to clad its stars in business suits in many movies. So what if the economics that sustains this academic enterprise is inscribed in an egalitarian, cosmopolitan ethos? How does it matter that MBAs are outriders of a society that nixes the feudal notions of prestige? We were looking for a new IAS for the 21st century and we have found it.

The currency of MBA as a cultural symbol marks us out as people who tend to invent a class of super human beings and lodge our total faith in them. This kind of deification of IAS officers may have much to do with the decline of the control-and-permit regime. Are MBAs, who lead the liberalisation thrust in India, falling prey to the same cultural instincts? Let's have a PowerPoint presentation, please! ■

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SE2 LABS REDEFINES THE MEANING OF ALL-IN-ONE

And now comes a wonder box from SE2 Labs which is a unique entertainment super-machine that looks like a mini-computer server. Dubbed ITC One, it packs an Xbox 360, HD personal video recorder, surround-sound processor, digital audio amplifier, 4.3-inch touchscreen, iPod dock and remote control system all in a single box. It is certainly a top-notch home theatre system, which is retro and compact, and is definitely worth a look.

Price: $ 24,995

LABELS THAT TALK

Labels That Talk, from Kailua Hawaii, has come up with a software that allows consumers to print high-density bar codes on strips of paper that store recorded voice messages. One needs to scan the paper with a handheld scanner or a cell phone with a built-in scanner and it plays back a message. The strip of paper can hold about eight kilobits, enough for a ten-second voice message.

Price: Not announced

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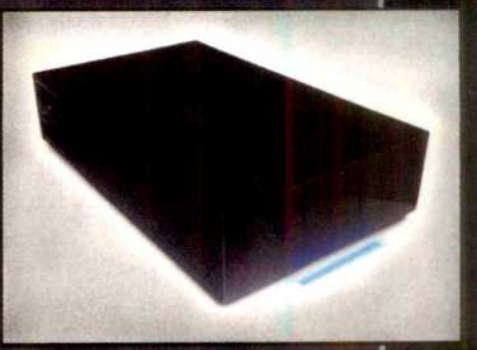
Price: $ 103



DESIGNER HARD DRIVE FROM LACIE

LaCie has released its 320GB to 1TB storage capacity hard drive designed by Neil Poulton. Called 'Little Disk', the new offering comes with a unique distinguishing feature - a cool, blue LED strip on its underside that creates an ambient glow. Its subtle, all-black design blends perfectly into dark home entertainment setups and workstations. Very small for its vast capacity, this lightweight, compact drive has a fashionable, mirror-polished finish. The smartly engineered design allows for heat dissipation and has a near-silent, fan-less operation. With a hi-speed USB 2.0, the drive makes a great companion to your PC or Mac. The setup is nearly effortless as its plug & play and offers customisable formatting.

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SOFT SKILLS

Finishing touch

The hard truth is that we just can't do without soft skills.

By Janhavi Abhyankar

JABALPUR is a small town. At 25, Deepak Dubey, who hails from this little corner of Madhya Pradesh, wasn't sure what the future held for him. Dubey had a B.Sc. in computer applications. Opportunities were the stuff of dreams. Moving out seemed the only option. Young Dubey did a six-month internship with Century Rayon in Mumbai, and then took an MBA entrance exam for securing admission into the Pune-based Indira Institute of Management. After that, there has been no looking back.

Dubey now works for ITC, also in Mumbai, as an area executive in the company's sales and distribution department. Having held a job for just eight months, he feels that his MBA programme in marketing and finance helped him achieve "a dream". Most of all, Dubey attributes his success to the programme's structure and the help his college provided in terms of exposure to soft-skills training during his last semester there. "The best thing the institute did was to train us in soft skills," he says. "It added much more to my personality than books could have."

Tracing his roots to a small town and a middle-class family, Dubey needed just that right measure of confidence to hold his own in the world of jobs. Scores of management students share Dubey's view that the MBA programme makes dreams come true.

Daydreams

A survey in December 2006 by Talent Management International (TMI-First), a Hyderabad-based third party recruitment agency, found that about 41 per cent students enrol in MBA programmes with fat-cheque dreams; only 37 per cent do so to get a good head start.

The truth, nevertheless, is harsh. The intense pressure that comes with being a management graduate, often poorly trained, becomes apparent only when seated upon the chair one so desperately seeks. The difficulties arise both in the form of deadlines as well as

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THE NECESSARY FINESSE: Schools such as the Minocher Patel-run residential finishing school in Pune equip MBAs with soft skills such as eating etiquette, dress sense, etc.

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expectations at work.

"The average span of an entry-level MBA in any organisation is not more than a year, for they feel too much is being demanded of them," says Sanju Devis, dean of the Pune-based Maharashtra Industrial and Technical Consultancy Organisation (MITCON). "And by the end of three years, they have three changed jobs in hand. This happens especially to those who come from tier-II and III cities."

The trouble becomes apparent at the entrance exam stage itself. Those who clear it are hindered by personal assessment and interview sessions. Indeed, choosy companies herald disappointment rather than dreams.

To address this problem of 'educated unemployables', corporations and business leaders feel that while bookish knowledge is essential, other skills are equally important. Some companies have even extended induction programmes to train newly-recruited employees.

ICICI Prudential, for example, started a training session in February to teach staff necessary soft skills. So far, 1,300 employees have received such training. "We designed this programme for ICICI and it has picked up well," says Deependra Singh Sengar, CEO of TMI First. "Many others have also approached us for the same." While some are ready to invest in training, others insist on checking skills before hiring.

Base: 26 colleges across six cities Source: TMI First survey

Treading Softly

Soft skills have become all the more important as great numbers of executives travel abroad these days, a necessity that requires them to interact with people from varied cultures.

"In the past nine years of our experience with companies and MBA institutes, we have found that while students are good at academics, they lack in good manners," says Minocher Patel, who runs a residential finishing school in Pune. "The fault lies with the education system, which completely ignores the grooming aspect."

In an instance that a source recollected on condition of anonymity, a BPL CEO was once heard complaining about the lack of etiquette when his executives were heard slurping tea. Soft-skill training has, thus, become key in the recruitment process. Institutes such as Patel's Ecole Solitaire boost their students' confidence even as they teach soft skills such as eating etiquette, dress sense and presentation techniques.

"During my MBA course, we had a 15-day training programme during which we were taught how to approach an interview and how to eat at formal dinners," says 24-year-old Srikanth Nagesh, an MBA working for ICICI Bank in Mumbai. This, he says, helped him during interviews and every time he enters a formal reception or makes a presentation at a meeting.

So Much For Savoir Faire

In a strange twist to this tale, while finishing schools appear extremely essential for getting a job at the entry level, many mid-career executives who go in for specialised MBA programmes deny this need.

"I have been working for the past 12 years; I guess I've picked these skills through exposure at work," says Vivekk Sinha, 34, key accounts manager of direct sales in Chevron. "What we need is a degree to enhance future prospects. We are anyway groomed into professionalism, so I guess finishing school appears secondary to us." Middle-management employees see soft skills as primarily meant for the inexperienced.

But, "If they have the skills, why do companies need us to train even the mid-management executives?" questions Patel, who feels that formal etiquette must be taught as they form part of daily life, too. "While many students passing out from B-schools located in tier-II or tier-III towns need such programmes to add to their personality while getting into a totally different corporate setting, even guys from IIM, XLRI and other top colleges do not have the necessary skills."

With B-schools mushrooming in small towns, the quality of MBA education remains questionable. TMI First's study finds that 50 per cent MBAs from tier-II and III towns are unemployable because of their lack of soft skills.

Recruitment agencies echo this sentiment. "Most companies want to hire a complete MBA," says Sengar. "They expect employees to have basic skills when paying them fat pay cheques. If they do not get a good MBA, they prefer a normal graduate. A good graduate is any day better than a bad MBA." ■

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Paul Samuelson is the 1970 Nobel Prize winner for Economic Sciences

Is new-fangled finance guilty?

NO one knows, at the year's end, whether there will be global recession in 2008. Or whether Europe and America will enjoy moderate growth in jobs and incomes. Why this new ignorance?

Up-bubbles in real estate followed by down-bubbles in real estate are an old, old story in economic-history textbooks. Sometimes these were volatile enough to put the whole economy into a succession of recessions and recoveries. The mechanism was simple. When housing prices went sour, families became hard-pressed to pay monthly interest owed on the home mortgage.

Therefore, first, consumer spending on other necessities and luxuries understandably tended to fall after the realty bubble burst. Second, jobs and wages in the building trades dropped when housing prices were dropping.

Modern central banks thought they knew how to 'lean against those winds'. The Bank of England, the US Federal Reserve and the new EU Central Bank would lower their interest rate in the bad times, in order to bring down and offset onerous mortgage payments.

My father-in-law, as president of the First National Bank of small town Berlin, Wis. — where he was the key lender to local mortgage borrowers — not only had known for a long time those who came to him for mortgage money; he also, in all probability, knew personally the grandparents of current borrowers.

As a result, when credit conditions and real estate prices were changing, it came as no surprise to him that some debtors would be less hard-pressed than others who would be in considerable distress. What is the new element here, differing from the plain-vanilla historic real estate financing ups and downs? Three words sum it up for me: modern financial engineering. What does this include?

It includes new financial derivatives — 'puts' that reward you when IBM stock or US government 10-year bonds fall in price; and 'calls' that reward you in a leveraged way when your stock or bond is rising in price. It includes all new varieties of collateralised securities that corporations and banks permit themselves to keep off their balance sheets. America did not send smallpox germs or anthrax abroad. But what it did do, under the deregulation brought about by President Bush's choices for regulators, was to export packets of good (mortgage) cheese, really criminally bad cheese, and in-between cheese. All were given AAA ratings for safety by the three main rating agencies — a really bad and costly joke.

Future historians will put some of the blame on the Bush-Cheney Republican presidency. Maybe once upon a time a Republican presidency was good for the stockmarket and for Main Street prosperity. When Calvin Coolidge napped regularly in the White House, the Wall Street boom of the 1920s took place.

Times do change. It was Democrat President Franklin Roosevelt who launched a 20-year bull stockmarket. After 1960, President John F. Kennedy did 'get the country moving again', as he had promised to do in many a pre-election speech. It would be cruel to blame the Republican Party of Abraham Lincoln for the incompetence of the Bush governmental team.

I helped train at MIT a generation of financial engineers. Early on, in *Newsweek* columns, I advised both Mideast sheikhs and Norwegian parliamentarians to invest in worldwide portfolios rather than induce inflation at home. Maybe I should feel like Dr Frankenstein.

Advanced science can help mankind enormously. It can also create atom bombs. Financial engineering is like that. Under regulation and with transparency, it can spread risks efficiently. But sans transparency and lacking understanding of the arithmetic of cancerous leveraging, maybe it introduces into modern finance a new fragility? My last sentence ends, as it should, with a question mark. Time will tell.

Perhaps financial engineering without regulation introduces into modern finance a new fragility

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THE LEGACY:
Brothers Naseem (sitting) and Arish have continued their grandfather's 50-year-old *lassi*-churning machine business

COOL MACHINE

How one family has preserved the traditional art of lassi making by modernising it

PIERRE MARIO FITTER

A SIP of a great wine is a synaesthetic experience. The delicate flavours take you down Paris' Champs-Élysées, as accordions start to play in the background. A great *lassi* creates the same magic. One sip and it's hard not to imagine yourself in the sun-kissed farmlands of Punjab, where burly men gather the harvest as their wives churn *matkas* of curd.

But in dusty, crowded Delhi, a glass of *lassi* fails to recreate the same tranquility. Some say it's the city's noise. But foodies will tell you that Delhi's curd just isn't as good as what you'd get fresh off a farm. Realising that he could do nothing about Delhi's curds, an enterprising young man called Sultan did the next best thing. He perfected a *lassi*-churning device. He sold his first machines to the numerous *lassi* shops and restaurants in the crowded lanes around Delhi's Jama Masjid area. The devices ran on electricity, worked for hours on end, needed little maintenance and almost never broke down. That was the 1950s.

Fifteen years after starting out, Sultan passed away. His son Mohammed Usman, barely 20 then, took over. Usman decided to name the devices 'Sultan' in memory of his father. He moved the workshop to Daryaganj in 1992 and also set up a factory in Wazirabad, which employs 25 workers and engineers, to meet the growing demand for his father's machines. He called the business Raja & Co. — a nickname given to him by friends and loyal customers.

Today, an unfortunate slip disc prevents Usman from sitting at his Daryaganj workshop. His sons Naseem, 28, and Arish, 20, run the day-to-day business. "Our father still remains highly involved," says Naseem in flawless English. "He inspects all the material and components we buy for the factory to make sure they are of top quality."

Spreading The Flavour

Usman's sons have helped add a modern touch to the 50-year-old family business. Orders from outside Delhi frequently come in via e-mail. This has taken Sultan machines to *lassi* shops in faraway cities such as Meerut, Ranchi, Patna and Lucknow. "The final machine

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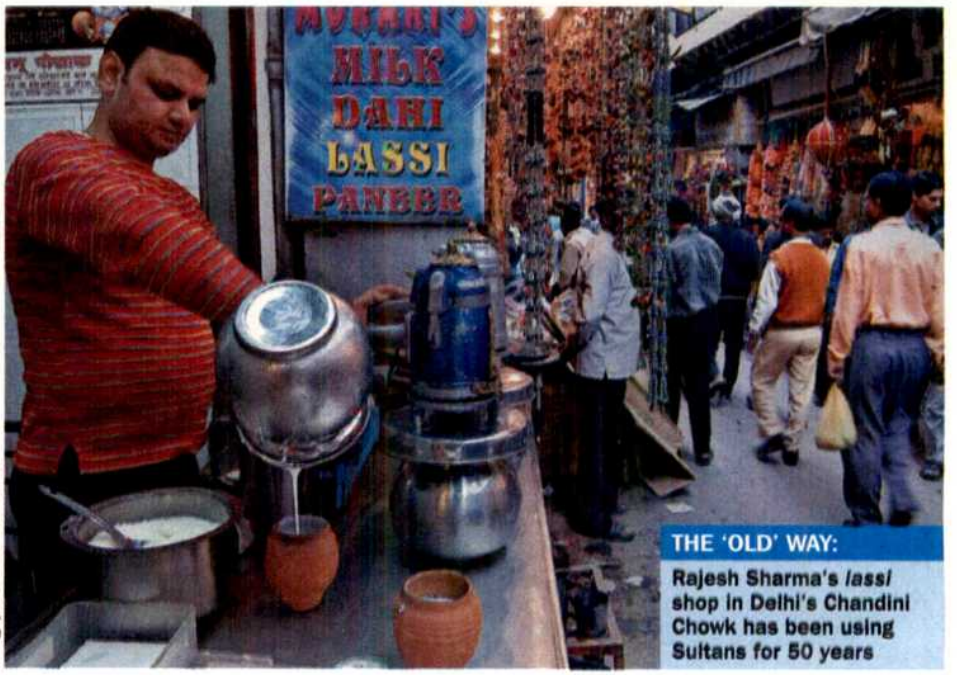
depends entirely on what the customer wants," says Arish. He pulls out brochures and photographs and begins to explain all the options.

The first is vessel size. Larger shops want bigger vessels. Vessel capacities start at five litres and go all the way up to 50. Raja & Co then attach the appropriate motor depending on the size of the vessel. They have also introduced broader taps for the vessels as the older, narrower ones would clog up and need constant cleaning. While most customers opt for single churners, Raja & Co produce a model with twin churners. The idea came from larger *lassi* shops that asked for a machine to churn sweet and salty *lassis* simultaneously. Having two parallel churners eliminated the need to constantly clean the blades before mixing a new flavour.



Photographs: TRIBHUWAN SHARMA

THE 'OLD' WAY: Rajesh Sharma's *lassi* shop in Delhi's Chandini Chowk has been using Sultans for 50 years

While the business has modernised, the brothers know better than to meddle with something that isn't broken. The Sultan's basic design has stayed pretty much the same since the 1950s. "We've made some small changes to parts, but the concept is the same," says Naseem.

Beating Competition

Arish credits the business's continued success to his father's insistence on a good education for both his sons. They were educated at St. Thomas' College in Dehradun, where Naseem was school captain of the 1994-95 batch. The brothers then graduated with Commerce degrees from Jamia Milia University before joining their father.

Both brothers loathe revealing exactly what goes into making the unstoppable Sultans. The most they will tell you is that they use copper wires instead of cheaper aluminium ones. They also laugh off threats from competitors who have tried to reverse-engineer the Sultan. "Our engineers in Wazirabad are absolutely great," says Naseem. "Many were selected by my grandfather and have been working with us for more than 30 years." Nothing, it seems, can beat their experience.

Raja & Cos' customers agree. "There are other *lassi* machines in the market," says Rajesh Sharma, the owner of a *lassi* shop in Chandini Chowk. "But nothing comes close to the quality of a Sultan machine." Sharma's grandfather Murarilal Indrajit Sharma, after whom the shop is named, started his business around the same time that Sultan made his first *lassi* churner.

The Sharmas have always used Sultans at their shop. Sharma is particularly fond of Usman, from whom he bought his own machines 10 years ago. The Sultans run for 6-7 hours a day every day, and need servicing only once a year. Imagine owning a car that performed the same way after 10 years!

Naseem and Arish ensure that even that one servicing a year is as painless as possible for their customers. As soon as a machine arrives at their workshop, the brothers ship it off to the Wazirabad factory. Workers at the factory do their bit within a day. The Daryaganj workshop is even kept open on weekends so that customers can have round-the-clock servicing.

Lassi All The Way

Raja & Co. recently started selling other products such as grinders, meat mincers, ice cutters and even espresso machines — the same ones with red plastic shields on top, which you may find at neighbourhood coffee shops. Naseem says that they don't make these products but market them on behalf of their makers, most of whom run smaller manufacturing businesses. "We are happy making only the Sultans," he says. "They give us a steady stream of income. So, we don't have any plans at the moment for making new products."

Raja & Co currently sell about 1,500 Sultan machines each year on average. Sales can go up to 2,000 units in a year when demand is particularly high. A basic hand-held *lassi* churning device (see picture on page 106) costs around Rs 1,000. Prices can touch Rs 35,000 depending on the size of the machine and the level of customisation required. Someone, somewhere, is obviously making a lot of money from selling what is basically a glass of curdled, albeit delicious milk!

So, where does one find the best *lassi* in India? Naseem's answer is as quick as it is confident — Meerut. "The tradition in Meerut is to add things like *mewa* (dry fruits), which make their lassis really delicious," he says. Arish nods subconsciously.

So what about the legendary Punjabi *lassis*? "Patiala pegs are better than Patiala *lassis*," is Naseem's reply as he breaks into laughter. ■

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BROWSING

Deep Kalra

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ALERT

MONARCHY: THE ROYAL FAMILY AT WORK

By Robert Hardman (Ebury Press)

In this book, the author writes on a subject everyone knows very little about — the inner workings of the institution that holds Britain together. Beyond inane matters, such as who opens the Queen's mail, who pays the bills, or even how the royals follow the score in the Ashes, are formal and weightier concerns such as audiences with the Prime Minister, honouring the brave and the sensitive issue of the royal response to controversy or in times of crisis. Lavishly illustrated with exclusive colour photographs, this book appeals to avid royal watchers and anyone fascinated by the history and heritage of the UK.

A politician's

SUHEL SETH

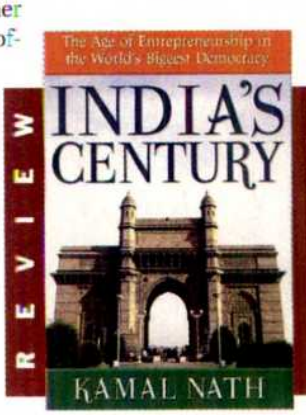
THE present Indian Union Cabinet has very few elected members: the Prime Minister as well as some other venerable heavies are all in the Rajya Sabha, leaving them very little accountability to their constituencies. Which is why it is surprising when a sitting cabinet minister, and that too someone who is navigating the world representing India's commercial and industry interests, decides to write a book that is not biographical but an ode to today's India and more so to the entrepreneurship within. That, too, when he has won every Lok Sabha election since 1979.

Strange also for yet another reason: the government has often been blamed for coming in the way of economic development. Enough has been written on the licence raj and how industrialists have had to carve out lobbies only to keep the engines of their businesses running.

It is in this context that Kamal Nath's book *India's Century* is a refreshing insight into the spirit and substance of India and its journey thus far. Nath is brutally honest when he mentions historical incidents such as the mortgaging of India's gold and Manmohan Singh's seminal speech at the time when he began by saying "this is not the time to lose".

Politicians have the nasty habit of erecting statues of themselves whenever and wherever they wish. Most political autobiographies are odes to themselves and perhaps their political dispensation. Here again, Kamal Nath has stayed the course. The fact that the book is largely anecdotal helps because it puts a human perspective to what could otherwise have been a dull and complex treatise in either boring statistics or plain self-indulgence.

REVIEW



INDIA'S CENTURY

The Age of Entrepreneurship in the World's Biggest Democracy

By Kamal Nath

McGraw-Hill Professional

Pages: 320

Price: $27.95

SELECTION

A new voice for the

THE government's decision to award FM broadcasting licences to private players in July 2005 rescued radio from relative obscurity at a time when we are obsessed with new media technologies, convergence of the media and the way in which it is constantly transforming content. In fact, FM stations have become so popular that surveys are now being conducted to map their audiences and tastes — all to increase advertising revenues, of course. But the revival of radio as an entertainment medium has drawn attention away from it's inherent potential as an instrument of social change.

The authors, Vinod Pavarala and Kanchan Malik, have endeavoured to do just that. Arguing for the importance of encouraging the existence of community radio stations, they look at how NGOs are using radio to question the hegemony of the state-centred and/or market-run media and their respective attempts to mould people's opinions. Today, the right to communicate and have affordable access to the means of communication is being acknowledged throughout the world as a fundamental human right. Given its far reaching pen-

ode to India

KAMAL NATH joined the Indian National Congress in 1968 as a youth worker, and was elected to Parliament from the Chhindwara constituency for the first time in 1980. He took over as the Union Minister of Commerce and Industry on May 24, 2004. He is also president of the Board of Governors of the Institute of Management Technology, Ghaziabad and chairman of Madhya Pradesh Child Development Council

Some of the anecdotes are memorable. For instance, the time when he sent the Japanese foreign minister some mangoes while on a visit to Paris (hoping that Japan would allow their import) only to receive a pithy note, 'Many thanks for the mangoes. Enjoyed them in Paris'. There are several incidents, which relate to Nath's present assignment where he believes that India has had to take tough calls and when he often has to tell people that he is a politician first and a mathematician later.

And politics remains the continuing theme song of this book, as it should be. Nath takes potshots at non-Congress governments, but again using the words of that Chanakya of Indian politics and, at one time, his boss, P.V. Narasimha Rao. Apparently in 2003, when Rao was asked what he thought of the Vajpayee Government's economic achievements, he remarked, 'when you go from 50 to 100, you merely double, but when you go from 0 to 50, that is almost infinity'.

But it is the realpolitik, which Nath talks about, that will give the average Indian an insight into the politics of the economy in India and the role that the government can and must play. He is effusive of the global challenges that Indian business has faced and surmounted. He recollects with joy the editorial piece *Berlin Walls must fall* by J.R.D. Tata, which was at a time when the shrillness of the erstwhile Bombay Club was exhorting the powers that be to not open India's economy, and then talks about the pride with which Indians are seen today.

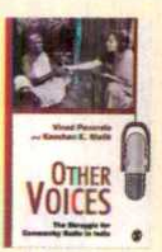
Like a true politician, he also uses a lot of hyperbole. For instance, his desire to see the World Economic Forum's annual conference shifting from Davos to Kashmir, or for that matter, a time when India will become the power provider to the world. Pipe dreams? But then that is a politician who must get to exorcise some demons he may have.

Where the book scores is the manner in which it engages the reader no matter which part of the world he may be in. It is a book that provides an insight not just into today's India but is also a commentary on today's Indian. It paraphrases the necessities of politics and at the same time there is fervent hope that very soon, government will play no role in business. He talks of India's pragmatism when it comes to dealing with issues pertaining to the WTO as he does about the learnings he gleaned as a Union minister from heads of state. Be it Lee Kuan Yew's pessimism or George W. Bush's optimism, they all find relevant mention without it coming across as a Nath rolodex.

And finally, like a true politician, he does manage to make the book inspirational. But inspirational from being mired in history. It is this that will make the book a seminal comment on India today. And it is for this reason that it must be read. And read again. ■

Suhel Seth is managing partner of Counselage India, a strategic brand marketing consultancy

community



OTHER VOICES
The Struggle for Community Radio in India
By Vinod Pavrala and Kanchan K. Malik
Sage Publications
Pages: 318
Price: Rs 650

etration, say the authors, radio can contribute immensely towards fulfilling this right. And because community radio is run by the community for itself, it can lead to the creation of Habermas's ideal public sphere — a pre-requisite for a fully functional and mature democracy.

Although community radio has been popular across the world since the 1970s, it was not until November 2006 that broadcast laws were modified in India to permit community radio to come into being. The book encapsulates, rather comprehensively , the struggle of various groups to get the broadcast policy amended to include community radio as a legitimate broadcasting option that is a "non-state, non-market venture, owned and managed by the community". Pavrala and Malik have spent more than six years researching the developments in this regard and have done a good job of locating the growth and development of community radio in India in the context of globalisation of the media and emergence of new technologies. The book also includes a comparative analysis of the broadcasting policy frameworks in countries such as the US, Australia, Ireland and South Africa to illustrate the lessons they hold for the vibrant functioning of community radio in India. Though full of useful information, the tone of the book is largely academic and dry. Where it does come alive, even momentarily, is in the chapter on Facilitating Community Radio in India, where the authors bring together a number of case studies, showing how community radio can, and does, change the lives of hundreds of thousands of people. ■

SUMATI NAGRATH

IT/ITES

Post: Assistant Vice President- Marketing

Company: Compare Infobase
Profile: Would be responsible for Acquiring new clients and strengthening existing client relationships. Building & managing alliances corporate partners, schools and other portals.
Exp: 7-10
Location: Delhi
Email: maphr@infobase.in

Post: Web Development

Company: Compare Infobase
Profile: The ideal should be capable of handling multiple projects at the same time. Responsible for analysis and reporting. Should have good knowledge of Project Management and Content Management.
Exp: 7-9
Location: Gurgaon
Email: shailaja@infobase.in

Post: Practice Head- Siebel

Company: Coromandel Infotech
Profile: Will have to Build & Develop a full-fledged Center of Excellence in SIEBEL (7.X/8.X/ Siebel on Demand) Technologies. Involving in pre sales activities, guiding all technical presentations, POC and solutions.
Exp: 10-20
Location: Chennai
Email: venkat.v@c2il.com

Post: Competency Head- SAP Testing

Company: Saviance Technologies
Profile: Shall have 10 - 14 years overall work experience. Certification - CSTE, ITB, ISTQB, Brainbench certification in testing, CSTM, PMP, CSQA. Test project experience as Test Project engineer, automation engineer, Performance test engineer, module lead, project lead
Exp: 10-15
Location: Bangalore
Email: talent@saviance.com

Post: Project Manager- DBA

Company: Ford Technology Services India
Profile: Would be responsible for building new DBMS environments & will ensure that the change control process is followed. Provides in-depth direction related to DBMS features to assist Associate DBAs, DBAs and project teams, and to address complex database issues.
Exp: 8-10
Location: Chennai
Email: gshanka7@ford.com

Banking/Finance

Post: General Manager- Accounts & Finance

Company: Essar Power Limited.
Profile: Would be responsible for Finalization of Annual & periodical accounts, Consolidation of accounts of various subsidiaries including overseas companies.
Exp: 12-20, Location: Mahan in MP
Url: http://eapps.naukri.com/app.php?id=0963

Post: Stratetic Finance Manager

Company: Falcon Technologies International LLC
Profile: The candidate must be good in financing, accounting and budgeting having international exposure in a good manufacturing unit preferably from the multinational companies with 10-15 years of strategic finance role.
Exp: 10-15, Location: Dubai/ UAE
Email: fti.job@falconrak.com

Post: Sr Manager- Taxation

Company: Larsen & Toubro Ltd.
Profile: Should have an experience in handling Direct Taxation like Income Tax, Wealth Tax, etc. or Experience in handling Indirect Taxation like Excise, Customs Duty, Service Tax, Sales Tax/VAT, etc.
Exp: 10-17, Location: Mumbai
Url: http://eapps.naukri.com/app.php?id=1048

Post: Assistant General Manager

Company: Ralson India Ltd.
Profile: Candidate should preferably be a CA or Commerce Graduate with minimum 5-10 years experience in handling accounts of a reputed organization. Should also be familiar with Branch Accounting Systems
Exp: 10-20, Location: Ludhiana
Email: ho@ralson.com, hrd@ralson.com

Post: General Manager- Finance

Company: Shakti Bhog Foods Ltd
Profile: The ideal candidate will have a relevant qualifications along with the prior working exposure in the similar profile.
Exp: 8-13
Location: Delhi
Email: Sajjad_hussain@rediffmail.com

Post: Branch Head

Company: Yes Bank Ltd
Profile: Should have done branch managerial or a senior branch banking role before. Must have an experience in Wealth products Sales highly desirable.
Exp: 8-12
Location: Vapi
Url: http://eapps.naukri.com/app.php?id=1216

Real Estate/Infrastruc

Post: Director Central Services

Company: Continental Engineering
Profile: Must be familiar with State tax la etc & shall have the knowledge of statua pliance for HR aspects. Must understand direct staff in best practices
Location: Delhi
Exp: : 19 - 26
Email ID: kalpna@cici.in

Post: General Manager- Constructions

Company: K.Raheja Universal Pvt. Ltd.
Profile: Looking for a B.E (Civil)/ DCE with experience of 14-17 year's. Experience ir construction of residential / commercial r storey buildings with reputed organizatic
Exp: 14-17
Location: Mumbai
Url: http://eapps.naukri.com/app.php?id=

Post: Chief Financial Officer

Company: Neptune Group
Profile: The ideal candidate should have t essary exposure & experience.
Exp: 15-20
Location: Mumbai
Url: http://eapps.naukri.com/app.php?id=

Post: Deputy Chief Engineer

Company: Oberoi Constructions
Profile: The ideal candidate should have t essary exposure & the candidates from Hotels/Ships/Malls will be given an added tage.
Exp: 7-10, Location: Mumbai
Email: careers@oberoiconstructions.com

Post: General Manager- Sales

Company: Sobha Developers Ltd.
Profile: Candidate should be an M.B.A ho having 10-15 years of experience in sales. be working in the Real Estate/ FMGC/ Reta Manufacturing/ Banking Sectors.
Exp: 10-15
Location: Pune
Email: ponnamma@sobha.co.in

Post: Vice President- PROJECTS

Company: TCG Real Estate
Profile: Graduate with sufficient exposure managing projects in the domain of high office /commercial /industrial buildings ar IT and Biotech campuses including SEZs.
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m.yadav@eastmanglobal.com

ief Engineer

y: Fortis Healthcare Ltd
The incumbent must possess Engineer- ee (B.Tech/M.Tech) with 7-10 years of ce in a similar position as Hospital Chief r.
2, Location: Chennai
://eapps.naukri.com/app.php?id=1233

anufacturing Engineer

y: JCB India Ltd.
Must have an experience in Genset cturing Company. Should be able to in- ently communicate with UK counterpart al personnel.
0, Location: Faridabad
://eapps.naukri.com/app.php?id=1227

ANAGER- Maintenance

y: Kirloskar Brothers Ltd.
Will have to co-ordinate and guide sub- s for proper maintenance of machines ment's and capability correction. To the preventive maintenance schedule, t etc.
15
: Kirloskarwadi
://eapps.naukri.com/app.php?id=1252

oject Manager

y: Thiraviam Engineering Pvt. Ltd.
Should have implemented specific proj- ering comprehensive technical and com- of the project in the coal conveyor han- ctor.
20
: Tuticorin
r@thiraviamengg.com

oject Head

y: Vascon Engineers Ltd.
Looking for a BE or ME (Civil). Diploma truction Management along with the r working exposure in the similar pro-

25
: Mohali
://eapps.naukri.com/app.php?id=1255

Media/Advertising

Post: Business Head

Company: Bhaskar Group of Companies
Profile: Would be at least an MBA with good academic credentials. A media/non media person having good understanding of media business.
Exp: 18-28
Location: Chandigarh
Email: mona@bhaskarnet.com

Post: Sr Engineer- Electrical

Company: dinamalar
Profile: Should have an experience in PLC. Should have the capacity of leading a team comprising 20 plus members.
Exp: 10-12
Location: Chennai
Email: sampathperumal@dinamalar.in

Post: Head- Legal

Company: IndusInd Media & Communications Ltd.
Profile: Graduate with LLB having 7-10 yrs of Legal experience in any industry (preferably from Media Industry) Must have exposure of handling Legal affairs, Documentation & Litigation.
Exp: 7-10
Location: Mumbai
Email: rekha@incablenet.net

Post: Manager- Marketing

Company: Malayala Manorama
Profile: Candidate must have an MBA or equivalent degree with specialization in marketing. Shall have over 10 years of experience in space selling for English News Magazines.
Exp: 9-11
Location: Mumbai
Url: http://eapps.naukri.com/app.php?id=0743

Post: General Manager- Designer

Company: PVR Ltd.
Profile: Architect with 8-10 yrs of experience in planning, designing, detailing and Coordinating with multi disciplinary teams and executing of projects.
Exp: 8-10
Location: Delhi/NCR
Email: careers@pvrcinemas.com

Post: Chief Reporter

Company: Sakal Papers Ltd.
Profile: Would be responsible for Business process improvement, Employee engagement and motivation. Develop and implement the news and reporting plan.
Exp: 8-10, Location: Pune
Email: careers@esakal.com

General

Post: Lead Engineer/Development Manager/Technical Architect

Company: Samsung India Software Operations
Profile: Required a B.E. /B.Tech/M.E. /M.Tech/M.S. in Computer Science/Electronics & Communication Engineering having experience in Embedded Development & in the area of board boot-up, device drivers and Consumer Devices
Exp: 5-12, Location: Bangalore
Email: geetha.reddy@partner.samsung.com

Post: Sr.. Java/J2EE Software Engineer

Company: Digital Harbor Pvt.Ltd
Profile: Help Management in refining the requirements from technical perspective. Actively participate in High level and Low Level Design. Coding following standard practices for the Enterprise software product like code reviews and unit testing
Exp: 2-5, Location: Bangalore
Email: sanuradha@dharbor.com.

Post: Legal- Head

Company: IndusInd Media & Communications Ltd.
Profile: Should be a Graduate with LLB having 7-10 yrs of Legal experience in any industry (preferably from Media Industry) Must have exposure of handling Legal affairs, Documentation & Litigation.
Exp: 7-10, Location: Mumbai
Email: rekha@incablenet.net

Post: Vice President- HR

Company: Kinesis Management Service
Profile: Shall have a thorough knowledge of HR strategies & training & development, all Labour Laws, Legal & Statutory compliances & industrial relations Of a Large Organization.
Exp: 12-21
Location: Delhi/NCR
Email: info@kinesisservices.com

Post: Site Engineer

Company: Matoshree Group
Profile: Required an Engineering Graduate / Diploma Holders in Civil with more than 8 years of relevant experience of project.
Exp: 8-10, Location: Dubai/ UAE
Url: http://eapps.naukri.com/app.php?id=1277

Post: Head- Global HR Shared Services

Company: Syntel Ltd.
Profile: Will have to Oversee HR Operations of the shared services for onsite and offshore employees and establishing appropriate methods to bring in operational efficiencies.
Exp: 10-12, Location: Mumbai
Email: Kshitij_Gupta@syntelinc.com

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TELECOMMUNICATION services have proved a money-spinner. They have made Sunil Mittal one of India's richest entrepreneurs, and proved the jewel in Anil Ambani's crown. Hundreds, if not thousands, dream of following in the footsteps of Anil and Sunil; all they think they need is a share of the spectrum pie. Meanwhile, Anil and Sunil joust over spectrum and write long letters to the Very Important and Powerful. Operators' moves are public. But there are two parties to spectrum allocation: the operators and the Department of Telecommunications. DoT's role tends to be ignored because it is played out behind the closed doors of the government.

That role can, however, no longer be hidden once decisions are taken. The decision of DoT on 18 October to give RCom a GSM licence while hundreds are queuing is one such decision. It is reminiscent of the goings on under the NDA government in 2001. Then, Reliance had been given a WLL licence. It used a technology that could switch between local and long-distance reach, and offered a service that was no different from the service offered by operators with licences for circles. This time, RCom did not even have to fiddle with technologies; DoT gave it a licence on a platter. Pramod Mahajan, who was telecommunications minister in 2001, had also baled out private operators whom DoT's licence conditions and interconnection charges had rendered bankrupt. Reports were rife then that the rescue earned the ruling party the largest ever golden handshake. No such reports are circulating yet. But then, perhaps it is too early to expect them.

If the ways of stretching spectrum mentioned by Anil Ambani removed its scarcity, DoT may be done out of a job, but everyone will be relieved

The out-of-turn sale of a licence to RCom has led to other operators asking for the same favour. Sunil Mittal has offered to pay Rs 2,650 crore — a thousand crore more than RCom — for an additional 4.4 MHz. He has thus in effect started bidding publicly for spectrum. The only problem is that the DoT, which is squatting on spectrum, is not conducting the auction. Seeing its behaviour on licences, people wonder what other tricks it has up its sleeve — and who will have the wherewithal to conjure up those tricks.

Judicial authorities could protect the people against arbitrary action of government; and operators who do not have the panache of Anil and Sunil turn routinely to the Telecom Disputes Settlement and Appellate Tribunal. But the TDSAT is clogged with over 250 cases. Any case that goes to it is buried in a mountain of paper; a decision emerges years later, when everyone has forgotten what it was all about. The mountains are even higher in high courts and the Supreme Court. The influence of the judiciary on this industry is fitful and unpredictable.

It can thus be fairly concluded that the regulatory mechanism, consisting of the DoT, Trai and TDSAT, is no longer working. The two bottlenecks, licensing and spectrum allocation, are both in DoT's control. The mess in both is of its creation; at least it is so tolerant of the mess that it seems positively to enjoy it. This is licence-permit raj in its most exuberant form.

The telecommunications minister himself is a creature of our politics. He is a representative of a southern potentate and no doubt must safeguard his parochial interests. His predecessor did so ably; that Tamil Nadu leads in the production of telecommunications equipment today is his achievement. Still he was removed. That lesson must always be uppermost in Raja's mind — so much so that it would crowd out thoughts of sorting out the mess.

So finally, the mess will end up in the Prime Minister's front yard. If Anil's and Sunil's letters are any guide, it has already ended up there — at least they think that only he can rescue the industry from its present impasse. Whether he will do so is doubtful; while Dayanidhi Maran was constructing this mess, piece by piece, the Prime Minister had watched benignly. If that is what coalition dharma demands, that is what he will do. But maybe even he will be appalled by the cost to the nation and tempted to act.

Should he do so, he should consult widely, and look for a solution, not just a compromise. He may like in particular to look more closely at Anil Ambani's contention that application of technology could enormously increase call-carrying capacity of spectrum. In particular, dynamic frequency and channel allocation and single antenna interference cancellation have considerable promise. Ideally, technology should be employed to increase spectrum capacity beyond any conceivable need. If that were possible, both licensing and spectrum allocation by government would become redundant and could be eliminated. That may not please the DoT, but everyone else would heave a sigh of relief. ■

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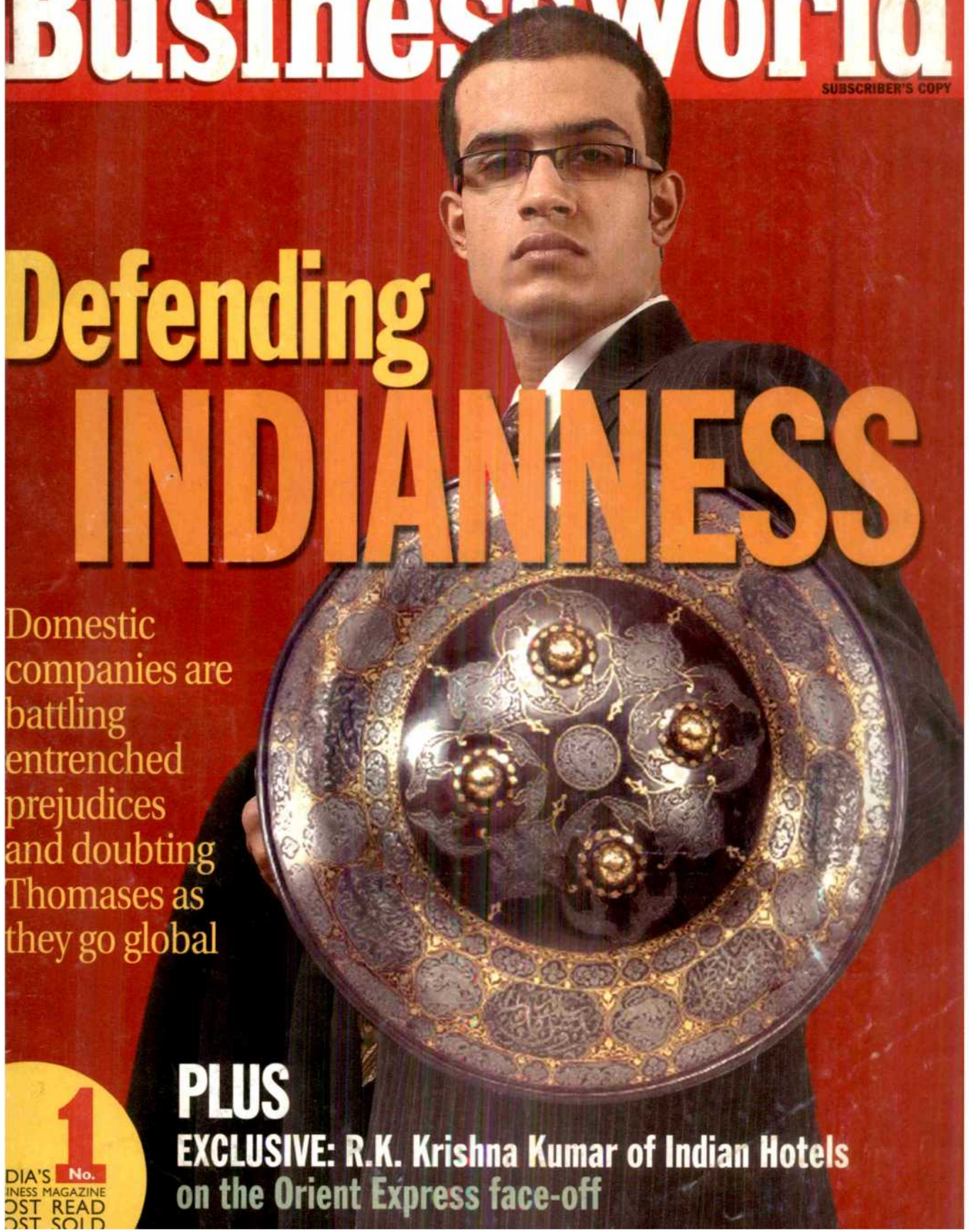

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More to do

❑ At the outset, I congratulate and thank Team *BW* for its in-depth survey and detailed presentation of B-School ('India's Best B-schools', *BW*, 24 December 2007). It enables the MBA aspirant to precisely focus on the specific institutes that suit his career needs. Being an MBA aspirant myself, it has helped a lot in concentrating on just a couple of B-schools rather than applying to eight to ten institutes, which might not have yielded what I expected and resulted in waste of time and lot of money. I would like to suggest that the B-schools survey include specific course-aspects such as MBA in finance, systems, operations, marketing, HR, etc., rating the institutes in criterion to deliver a skillful candidate in such specific sectors. The rating can be based on factors such as the faculty's qualification in that particular sector, placement of students in respective industries, packages offered to students of various sectors in that institute, and so on.

Anoop Bopte, *via e-mail*

NOT ON TARGET

Your ratings ('India's Best B-schools', *BW*, 24 December 2007) are flawed on many scores. Many schools, with poor student facilities and infrastructure, charge heavy fees and are money spinners. Bribery takes care of AICTE violations. They have no interface with industry and R&D is practically zero. Foreign universities rake a bulk of their revenue from industry research. Indian B-schools teach entrepreneurship but do not produce practical entrepreneurs. More than 95 per cent of faculty are PhDs abroad and they work only for 9 months, spending the other 3 months of the year as consultants. The growth of young faculty is suppressed by autocracy. Lastly, there is a popular perception that generous ad donations get schools a high rankings.

K.S. Krishnamurthy, *via e-mail*

SHOW AND TELL

Conferences such as the Bali summit ('Climate Wars', *BW*, 24 December 2007) have become a platform for developed nations, responsible for the environmental damages to date, to coerce the developing nations into reforms that stifle their growth, in the name of a sustainable future.

Karan Sharma, *via e-mail*

CORRIGENDUM

In 'Cool Schools' (*BW*, 24 December 2007) ISB (Indian School of Business) was incorrectly referred to as International School of Business. The error is regretted.

The letters have been edited for brevity.

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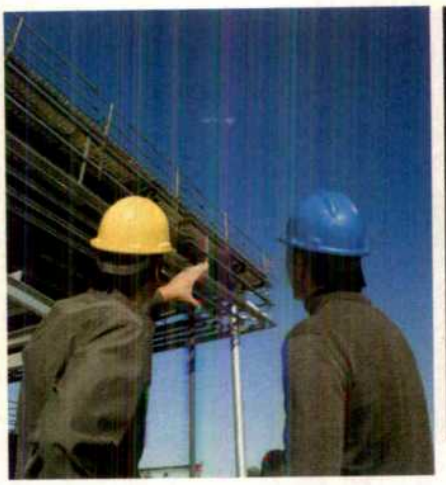

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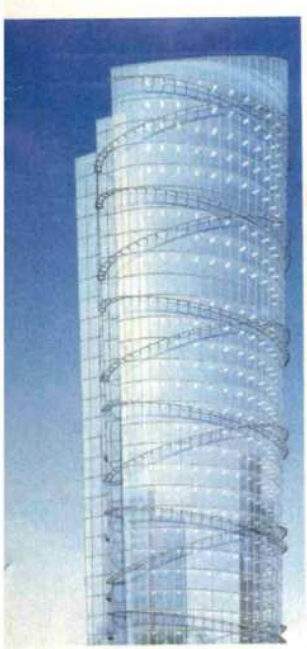

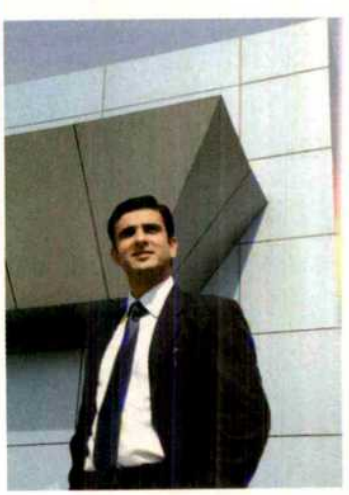

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BW Online

Shooting Stars: Should you pick up an entry level digital SLR or should you pick one of the prosumer super zooms in the market? Here's a guide to finding the right options for yourself by Prosenjit Datta.

Shadow Of Trouble: Nothing yet suggests that a global recession is looming, says Bhaskar Dutta.

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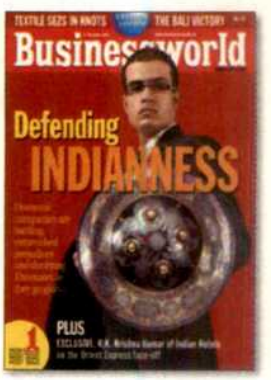
The colour of money

ORIENTALISM and the West's coloured view of the East go back to European Greeks, who regarded neighbouring, but Asiatic, Persians with awe, anxiety and abhorrence. That the remnants of this prejudice still muddy global corporate ties is understandable but unacceptable. Attempts by Jaguar-Land Rover dealers in the US and Orient Hotels to rebuff Tatas' attempts to buy and invest in their companies on the basis of Tatas' 'Indianness' should be challenged morally and legally. Racism aside, invisible trade barriers created by 'the country of origin' problem have hampered global plans of several Indian businesses. Recently, western fascination with India's growth rate has lowered the perception barrier in the business-to-business space. But Indian companies seeking western consumers still face challenges.

Of course, such problems, while afflicted by bigotry, are also the result of ground realities and national positioning, though it is impossible to determine in what measure. No one knows if a western consumer overlooks an Indian product because he doesn't trust dark people, has concerns about the product, or prefers the cachet other brands and countries offer. In fact, Indian consumers also often prefer foreign products. This complexity allows companies such as Orient to use nationality issues self-servingly, in this case to preempt an apparently imaginary takeover using emotional rather than financial means. Tatas are right to respond strongly to Orient, otherwise the effect of their words could spiral. Remember, Orient's statement imitated an earlier one from Jaguar-Land Rover dealers.

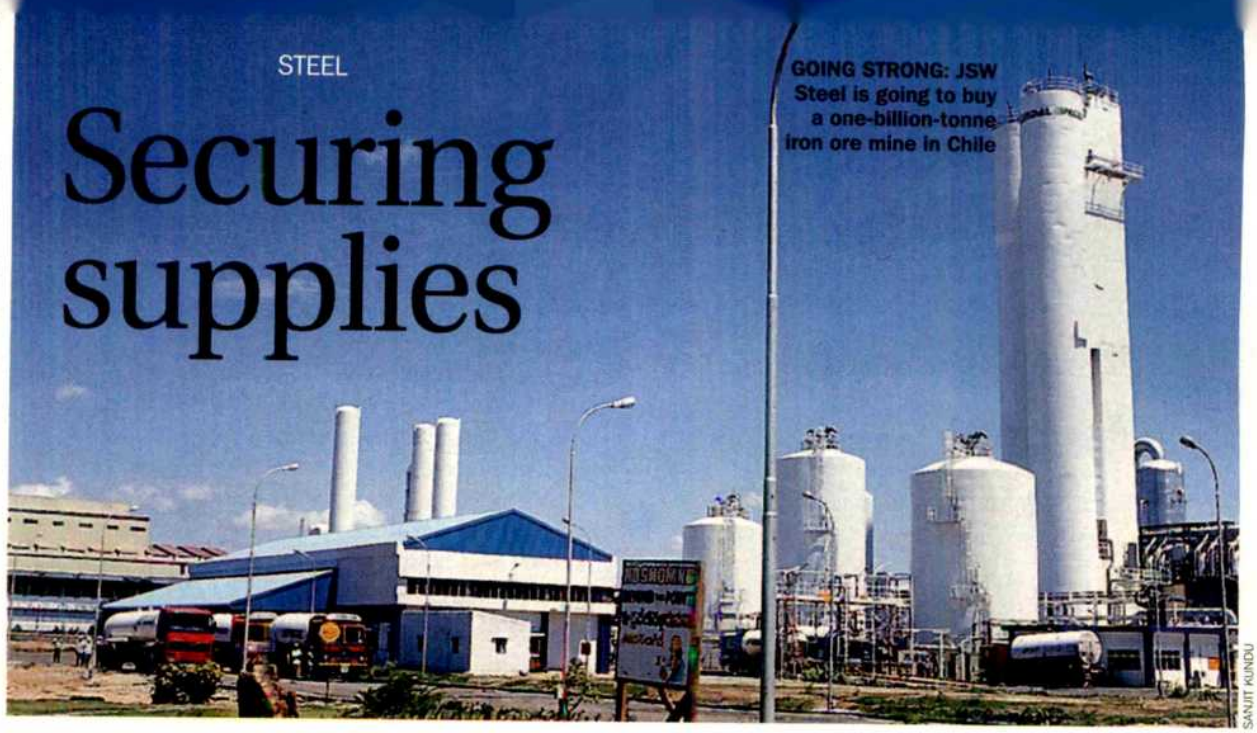


While nursing our indignation, we should also consider our own propensity to misuse nationality concerns. Chinese companies are routinely excluded from Indian projects under the unquestionable label of 'national security'. Yet it remains unclear if the real threat low-cost Chinese companies pose is to the State or the high margins of connected businessmen. This — national prejudice and its manipulation by business and government — will get worse before it gets better, historical precedent suggests. Emerging nations from Japan to China have always faced doubt and suspicion. But as India has seen in the software industry, barriers fall with money. Ultimately, everyone's favourite colour is green.

Jehangir S. Pocha, Editor

STEEL

Securing supplies



GOING STRONG: JSW Steel is going to buy a one-billion-tonne iron ore mine in Chile

SANJIT KUNDU

Indian steel firms are buying mines abroad to insulate themselves from commodity price vagaries

THERE are many reasons why Indian steel companies are working overtime to tie up raw material supplies for the near future. Not only is there a rush to build ports and bridges in India, global consolidation among miners such as BHP Billiton and Rio Tinto is forcing Indian companies to insulate themselves from rising commodity prices by buying large mines that can feed their plants, now and in the years to come.

Tata Steel, the world's fifth largest steel maker, has begun work on its $1.5-billion iron ore mine in Ivory Coast to meet its expansion plans. Soon, rival JSW will sign an agreement with the government of Chile to acquire a one-billion-tonne iron ore mine, estimated to equal Tata Steel's existing capacity in Jamshedpur.

JSW's Sajjan Jindal will pay $250 million to the Chilean government and invest $150 million more to ship iron ore to feed his plants in Karnataka and West Bengal. JSW, which is doubling its steel capacity to 6.80 million tonnes, has two iron ore mines in India with combined reserves of about 110 million tonnes. The new iron ore mine could feed a 10-metric tonne (mt) plant for more than two decades.

Steel companies are scared of rising prices of two essential inputs: iron ore and coal. Iron ore prices have jumped 40 per cent, to $120 a tonne and coal, too, by 40 per cent to $100 during the past six months, largely driven by Chinese steel makers' race to buy both the raw materials. A flood in Australia's coal mines a few months ago disrupted supplies and led to higher prices. Plans to hike India's steel capacity to 110 mt in a decade will put more pressure on the demand and cost of raw materials.

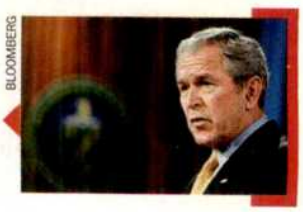
The rush to export iron ore to China may deplete the resources in two to three decades, says a steel maker who has firmed up plans similar to Jindal's. Global consolidation is yet another fear factor. BHP Billiton's bid for the Rio Tinto Group has also created panic among steel makers. The bid, if successful, would create a company that will control 26 per cent of the world iron ore market and half the Asian iron ore market. This could shift market control from the buyer to the seller and prices could skyrocket.

Steel makers such as Jindal and Tatas are, therefore, wasting neither time nor opportunity in their attempt to ward off stiff competition from their Chinese rivals. Locking raw material supplies, both overseas and at home, would insulate JSW and Tata Steel from the vagaries of price volatility and supply of sufficient feed stock. ■

BAIJU KALESH

"I don't think Congress needs any more money"

US President **George Bush** at the Fredericksburg Rotary Club in Stafford, Virginia, saying that he would veto any tax increases by Congress



BLOOMBERG

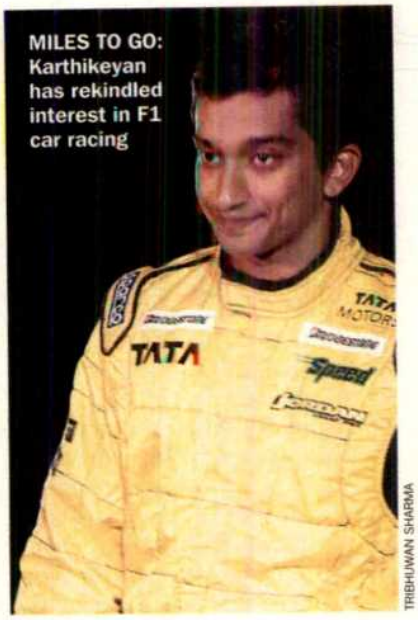
NARAIN KARTHIKEYAN

In the fast lane

NARAIN Karthikeyan's victory in the A1 Grand Prix in China last week has revved up the growing interest in formula car racing in India. Though it is no F1, it would help keep up the momentum provided by liquor baron Vijay Mallya's purchase of half of an F1 team and the Jaypee Group's purchase of right to host the F1 race in India in 2010.

Indian formula car racing is showing initial signs of coming of age. Karthikeyan is no longer a freak show, once sardonically described as 'the fastest Indian in the world'. Time has come to stop laughing at that. Young Indian drivers are queuing up in the fast lane and winning respect and opportunities.

Karun Chandok, son of former racing driver Vicky Chandok who used to race against Mallya a couple of decades ago, won a G2 race in September, and in November he tested for the Redbull F1 team. If he has another good year at G2 in 2008, he could be in one of the Redbull cars for the 2009 F1 season. Arman Ebrahim and Aditya Patel, too, are doing well in Formula Renault and Formula BMW races.



MILES TO GO: Karthikeyan has rekindled interest in F1 car racing

TRIBHUWAN SHARMA

What happened to Karthikeyan in 2004 is inconceivable now — he got a pay-and-drive offer from the Minardi F1 team but could not find sponsors to raise the $10 million required. Next year, he did manage to raise about $12 million to drive for the Jordan team, the same team that Mallya has paid about $60 million to control and rename as Force India. Jaypee may pay $50 million — for the right to host just one F1 race.

Sports marketers are dreaming of an Indian win at the Indian F1 race — preferably an Indian driver racing for an Indian team. That could just do the kind of commercial magic for Indian motorsports that the 1983 World Cup win did for Indian cricket. ■

FEROZ AHMED

$9.4 billion The amount of loss, including subprime home loans, that Morgan Stanley was forced to write off for the three months leading up to 30 November 2007

TRIBHUWAN SHARMA

SHORTSIGHTED: IFCI has let go a golden chance to shape its future

IFCI

Past, and future, tense

IF IFCI thought it could rope in a strategic player with little management, it was being naïve. The Sterlite-Morgan consortium — the only one to submit a binding bid — agreed to shell out Rs 111 a share or $750 million (Rs 3,000 crore) for a 26 per cent stake in the developmental financial institution.

The IFCI board rejected the bid on 19 December, stating Sterlite-Morgan had put in a conditional offer, which was not in line with the request for proposal (RFP) process. The consortium wanted three seats in the board of eight and also an ability to propose the CEO; in the RFP, only two board seats were offered.

Sterlite-Morgan sources say the consortium would have had to make an open offer for another 20 per cent in IFCI, taking the total cost of acquisition to at least $1.1 billion or Rs 4,400 crore.

For IFCI, it was one rare opportunity to work for itself a better future. While sources in IFCI say the conditional bid was a deal breaker, market analysts feel the current management lacked maturity to seal the deal. Meanwhile, the IFCI stock was pounded in the market and closed at Rs 76 in the NSE. It had touched a high of Rs 121 in the run-up to the deal. ■

P. VAIDYANATHAN IYER

UK VISA

No long visits here

BLOOMBERG

EUROPE AFAR: Holidays in Europe are going to be costly

INDIANS planning to tour Europe, even if it is next fall, might well start planning today. After introducing biometric visas to prevent identity frauds, the United Kingdom has proposed to halve the stay period for non-European Union citizens to three months and further seek a £1,000 bond from families in the UK sponsoring relatives or friends. The money will be forfeited if the visitor does not return home in time.

"At the moment, the proposal is only up for consultation," says an official from the UK Consulate in Delhi, "This is part of a strategy introduced in 2000 to keep out illegal immigrants." She adds that measures are being taken to ensure tourists are not hit by this policy.

According to industry analysts, Indian tourists spend more than the Japanese do and in some cases, more than the Americans. It is estimated that 500,000 Indians visit the UK every year and their numbers are steadily going up. In 2006, one-fifth of global demand for visas to the UK came from India.

"To make the proposal a success, genuine tourists should not be treated as immigrants," says Sunil Gupta, chief operating officer of SOTC India. "They need to ensure that the sampling is done in a way that Indian tourists are not hit."

But, if the UK does go ahead with its plans, Indians might just decide to holiday in other European countries. "Destinations such as France and Austria may attract more tourists from India," says Sudhir Patil, director of Kesari Tours, a Mumbai-based tour operator. ■

MEGHANA BIWALKAR

HOSPITALITY

Hampshire's India foray

EYE ON INDIA: Hampshire Hotels wants to acquire hotels across India

MANY companies are entering the hospitality business to bridge the huge gap between demand and supply in hotel rooms. New York-based Hampshire Hotels owned by Sant Chatwal is planning to start six to eight hotels in India by 2009. While the company has announced its plans before, it is now showing a strategic shift.

"India is going through a boom, so the gestation period from acquiring land, getting all permissions and constructing an hotel, takes too long," says Chatwal.

He says that his hotel chain is looking at properties that can be acquired. "We found out that several land owners in India had started building hotels. But after investing to some extent they realised that they had no expertise in running a hotel."

According to Chatwal, the bulk of the investment is in interiors and not the building. "There are several properties across India at various stages of development and they are now ripe for acquisition. We have started acquiring these half finished properties and are completing them."

Hampshire Hotels acquired such a property in Hyderabad earlier this year, completed it and launched it in November. The company is also opening another such property in Kochi, Kerala in March next year.

While Chatwal is known in the NRI community in the US for his association with Presidential hopeful Hillary Clinton, in India he may build a reputation for building a chain of hotels much faster than his competitors through the acquisition route. ■

K. YATISH RAJAWAT

CIVIL AVIATION

Rental blues

THE government is sticking to its guns on the disagreement over sharing of rentals from commercial developers on the Delhi airport between infrastructure giant GMR and its joint-venture partner, the Airports Authority of India (AAI). GMR has hived off the cargo operations and the duty free and other commercial businesses at the airport into separate subsidiaries of the Delhi International Airport (DIAL). The government suspects that this has been done to avoid sharing revenue from these activities with the AAI. The revenue sharing between the partners, GMR and AAI, applies only to DIAL and not its subsidiaries. The government is in parleys with GMR for extracting a higher revenue from the leases and other businesses for AAI. The leeway available is defined by the contract signed between the two partners and the opinion provided by the Attorney General (AG). The AG has validated GMR's plan as within the legal contract the two had entered into in March last year, but said that the use of subsidiaries 'may' or 'may not' affect the revenue of GMR and AAI.

AMIT VERMA

FOR A BIGGER PIE: Revenues from commercial rental space at the Delhi airport have become the bone of contention between AAI and GMR

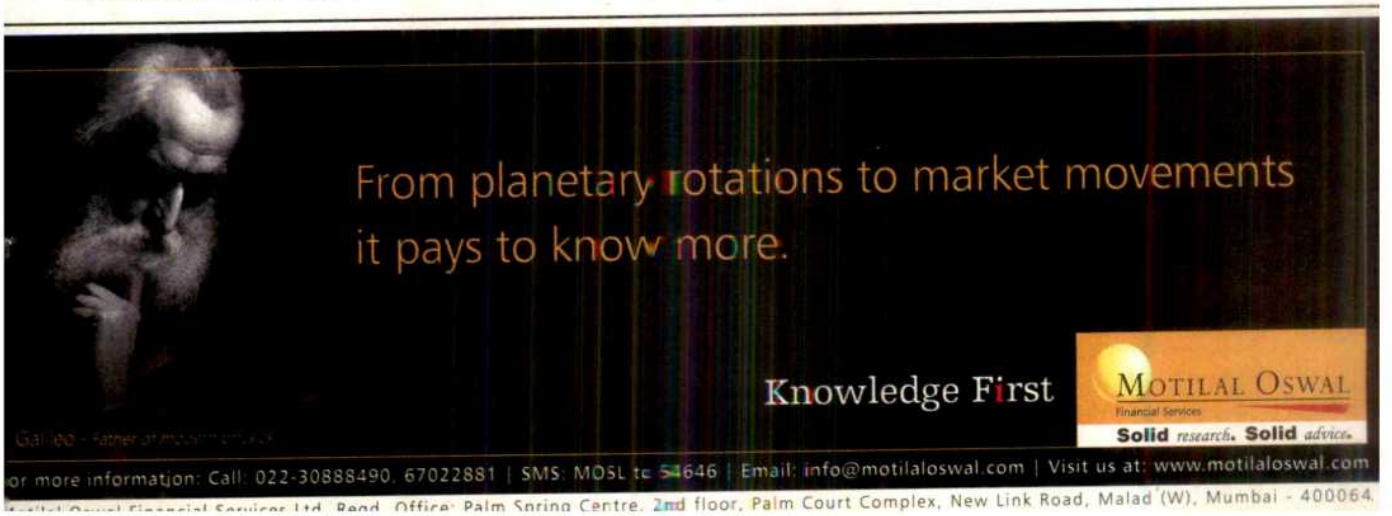
Bids have already been received from 10 interested commercial developers for 45 acres. A precondition for them is the payment of advance security deposits of over Rs 50 crore per acre. AAI is upset as the higher advance deposits compared to rentals will reduce its direct revenue; it gets a 46 per cent share in revenue from the airport, which includes rentals but not advance deposits. GMR says these advances are an important source of funding for the airport project now worth Rs 9,000 crore. It plans to plough them into the project rather than share them as revenue with AAI.

GMR says this was disclosed in the bid it had submitted to the government for the upgradation of the airport way back in 2005. It is not clear why the government waited so long to rake up the issue. GMR fears the financial closure of the project may have to be renegotiated with its lenders if the deposits are touched. It also fears litigation from the bidders if the contract conditions are altered.

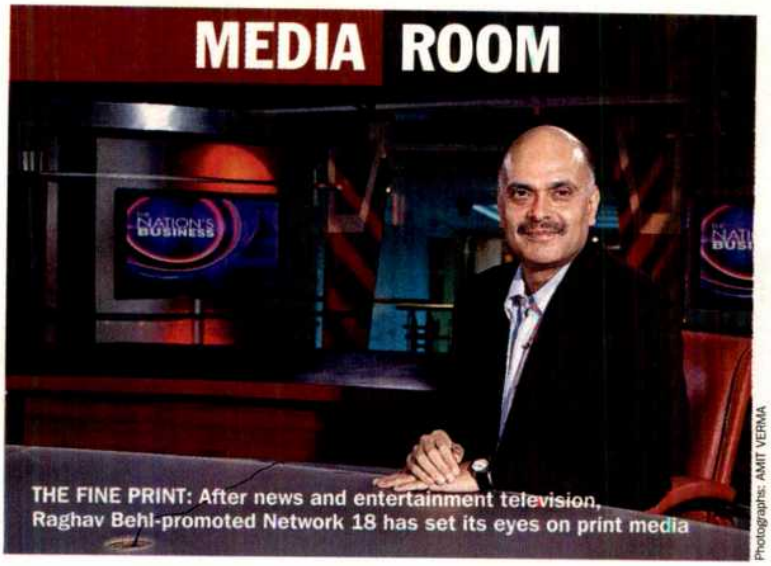
"The full amount will go into the airport project, which will be returned to AAI at the end of the contract we have with them," says a top GMR source. Before calling for bids for commercial development at the airport in August 2007, the nitty-gritty of the contracts were discussed by DIAL's board on which AAI and the government has representatives. AAI did not raise its concerns at that point. The government has since changed its representatives on the DIAL board.

The chances of AAI getting a higher share in direct revenue, however, seem plausible as GMR has said it is committed to finding a win-win solution agreeable to the Ministry of Civil Aviation. ■

PUJA MEHRA



MEDIA ROOM



THE FINE PRINT: After news and entertainment television, Raghav Behl-promoted Network 18 has set its eyes on print media

Photographs: AMIT VERMA

PRINT is suddenly sexy. Network 18 (previously TV 18), has gone after print acquisitions with a vengeance. After a decade of news television, the Raghav Behl-promoted company moved into filmmaking and entertainment TV in partnership with Viacom. But print was missing from its repertoire.

Network 18 tried to make amends with three deals in the past week: it acquired 53 per cent stake in Infomedia, a publisher of business directories and special interest magazines; struck a content-licensing arrangement with Forbes Media to launch a business magazine, and formed a 50:50 joint venture with the Kanpur-based Jagran Group for launching a national Hindi business daily next year followed by more business titles in other Indian languages.

However, Network 18's first acquisition target, the ailing financial daily, *Business Standard* (BS), remains elusive. "We have real time financial information," says Network 18's CEO Harish Chawla. "The next step is to complete the bouquet. It is not for hitting competition. For us, print is just a good fit." Will the new JV with Jagran mean it is dropping its *BS* bid? "Not yet," says Chawla, but "they should be more reasonable." He also acknowledges that print media is a different ball game.

Jagran Group, the leader in the Hindi print media space, learnt it the hard way. With the Irish *Independent* taking a 26 per cent stake in Jagran Publications, Jagran's Chairman M.M. Gupta hoped it would be easy to launch an English daily. Two years since, we are yet to see even the facsimile edition of the *Independent*.

Other significant deals include ABP Group's (which also owns *BW*) tie-up with *Fortune* magazine, and *Outlook's* with *People* magazine. What is significant is the Network 18-Jagran bid to launch business print titles in Hindi. Business publications have been the preserve of English language journalism, but over the years, a large yet unnoticed business community, uncomfortable with English, has grown in smaller metros such as Ahmedabad and Patna.

Advertisers and media planners have underestimated the size and strength of this regional bourgeoisie and have continued to put all their eggs in the metropolitan 'English' basket. Otherwise, how can one explain the fact that the Jagran and the Bhaskar groups, whose Hindi dailies have a readership three times that of the *Times of India*, price their advertising space at one-tenth that of TOI?

The move to launch business dailies in Hindi and other local languages perhaps reflects that even advertisers are beginning to realise there is a huge regional market waiting to be tapped. ■

GURBIR SINGH

SMES

Missing it, again

HONG KONG is trying hard to woo small businesses from across the world. But Indian small and medium enterprises (SMEs), especially in the knowledge sectors, are yet to wake up to the opportunities that Hong Kong offers.

Helen Chan, principal economist of Hong Kong Trade Development Council, which recently organised the World SME Expo in Hong Kong, says that the island's economy was slowing down due to rising costs and fall in retail sales. "We need SMEs in the IT and trade-related services for Hong Kong's economy to rebound."

At the expo, the Indian contingent had 50 delegates from trade bodies such as the Retail Association of India and the Federation of Freight Forwarders Association of India (FFFAI). But there were no pavilions of Indian SMEs.

"There were very few Indian entrepreneurs at the expo," says R. Radhakrishnan, chairman of FFFAI. "But those present discussed sourcing agri-products from India to China. Most discussions were on the cost of setting up business in India and the regulatory procedures involved."

With China's economy growing at more than 12 per cent, the knowledge economy of Hong Kong has become an important conduit for globetrotting SMEs to penetrate the 'mainland'. "Chinese businessmen were looking for Indian SMEs that could market their products in India," says S. Ramachandran, additional executive director of the India-China Chamber of Commerce. "Machinery, especially for printing, engineering and textile businesses, was being discussed at the conference." ■

VISHAL KRISHNA

Travel for this story was sponsored by the HK Trade Development Council

HINDUSTAN LATEX

Sex, latex and a PSU

THE deal is not consummated yet. But it is coming. Hindustan Latex (HLL) is buying JK-Ansell's Kamasutra factory at Aurangabad, Maharashtra. The brand stays with Raymond, though the Australian partner, Ansell, could be extremely interested in it. HLL has its own slew of brands — Moods, Masti and Nymph.

Taking the 250-million-pieces-a-year factory will push the 'Nirodh' PSU's count to 1.6 billion, just ahead of the local rival TTK-LIG, a licencee of UK's SSL Intl, and Korea's Hankook Latex. It still has some catching up to do to tickle the tail of the big two — SSL and Australia's Ansell. SSL makes about 3.2 billion condoms and Ansell slightly under 2 billion.

HLL is trying to shed its 'Nirodh' image and compete to lead in the open retail market. It is showing a surprising hot streak for a family planning PSU that is expected to be sterile like its cause. It is turning itself into a healthcare company with interests in contraceptives, hospitals and diagnostics.

HLL already offers a full platter of traditional and latest contraceptives, including male condoms that glow in the dark, female condoms, and the 'after' pill. It has about 15 per cent share in India's Rs 120-crore non-subsidised condoms market.

HARD AT PLAY: HLL straddles all segments of contraceptives and is widening its horizons

Even as HLL builds its condom business, it is also diversifying rapidly. It has set up three Lifespring hospitals — in Hyderabad, Agra and Kanpur. Apart from this, it has set up a diagnostic kit facility at Manesar, Haryana to make test kits for pregnancy, malaria and dengue, leasing and operating medical equipment to government hospitals in Kerala, and setting up a 300-acre medical park at Chengalpet near Chennai.

HLL's spunky Chairman and Managing Director M. Ayyappan is targeting a revenue of Rs 1,000 crore by 2010, from last year's Rs 244 crore. That will not be a bad effort for Ayyappan, who took charge of the company in 2003 when its revenues were only Rs 103 crore. ■

FEROZ AHMED

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Blank Slate

M&A Keep pace with the latest news and deals in the Indian and Asian merger and acquisition markets with the BW fortnightly M&A Tracker.

Intelenet's travel foray

MUMBAI-headquartered BPO services major Intelenet is on an acquisition spree. After witnessing several changes in ownership over its seven years of existence, the company seems to have finally found a stakeholder in private equity firm Blackstone.

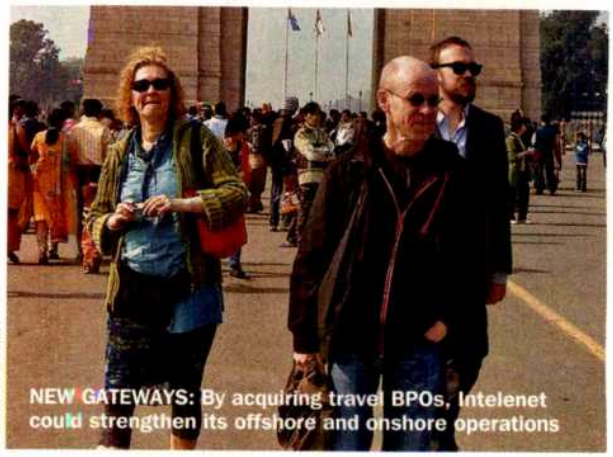
Susir Kumar, CEO of Intelenet, has made a beginning by acquiring two Blackstone-controlled BPO firms — Upstream and the India-based BPO captive operations of US travel firm Travelport. The combined acquisition value of the two is $75 million and has strengthened Intelenet by Rs 300 crore in revenue and about 2,400 employees. Post-acquisition, Intelenet has 23,500 employees, which, it claims, makes the company the second largest BPO company in India by staff strength.

Intelenet is looking at acquiring the back office operations of another Blackstone company, Park Hilton Hotels group. Intelenet is planning to expand its operations to offer BPO services for real estate companies, given that Blackstone is a major investor in this sector.

These acquisitions will enable Intelenet to expand its delivery footprint from solely offshore centres to an on-shore and near-shore capability based out of the US and Latin America. This global delivery model will add new geographies such as Mauritius, and multiple language capability portfolio of Spanish and French to Intelenet's portfolio.

Intelenet is an important investment for Blackstone as the fund can cut costs of its portfolio companies by offshoring backoffice operations. This helps Blackstone make its investee companies profitable. Intelenet now needs to learn to manage this profitably. ■

K. YATISH RAJAWAT



TRIBHUWAN SHARMA

NEW GATEWAYS: By acquiring travel BPOs, Intelenet could strengthen its offshore and onshore operations

BW-Thomson Financial M&A Tracker

December The Asian M&A market saw 7,145 deals worth $310.05 billion as on 17 December 2007. China was the largest market in the region with 2,375 deals worth $70.71 billion.

Top 10 Asia deals

TARGET	TARGET NATION	ACQUIRER	ACQUIRER NATION	DEAL SIZE ($m)
UBS	Switzerland	Investor Group	Singapore	11,535.04
Transco	Philippines	Investor Group	Philippines	3,950.00
Himart Co.	South Korea	Eugene Corp	South Korea	2,123.55
Toan Cau Technical	Vietnam	VinaCapital Infrastructure	UK	1,860.00
China Oriental Group Co.	Hong Kong	Arcelor Mittal NV	Luxembourg	1,705.54
Hanarotelecom Inc.	South Korea	SK Telecom Co.	South Korea	1,178.02
Midwest Corp.	Australia	Sinosteel Corp	China	1,031.37
Hutchison Telecommunications Intl	Hong Kong	Investor Group	Hong Kong	959.69
Excelcomindo Pratama	Indonesia	ETISALAT	UAE	438.00
Northern Peru Copper Corp.	Canada	Investor Group	China	430.06

Figures for 2-15 December 2007

Figures for 1 January-17 December 2007

Small investors drive MF growth

THE race to buy Indian assets has shifted from the manufacturing sector to the financial services sector. Last week, US-based hedge fund Eton Park bought a 5 per cent stake in Reliance Mutual Fund for Rs 501 crore. This gives the country's largest mutual fund, managing assets worth Rs 80,000 crore, a valuation of Rs 10,000 crore.

Anil Ambani's ADAG Group has a history of benchmarking its companies' valuations by selling a pie in them to FIIs. In Reliance Communications' tower business, it sold 5 per cent for Rs 1,200 crore to a clutch of foreign investors.

Although the stockmarket is witnessing an upward trend reflecting the country's economic strength, retail investors prefer indirect equity exposure through mutual funds.

The US hedge fund investment in Reliance MF reflects the growth potential of financial services because even to date, retail investors account for just 4 per cent of the total market transaction. This is expected to grow significantly as retail investors' disposable income goes up.

Mutual funds, which were earlier focusing on bluechip stocks, have diversified and expanded their verticals to tap different growth sectors — infrastructure, pharma and healthcare — giving the retail investor a big bouquet to choose from.

Globally, of the top five companies, two belong to financial services. The sector is set to witness further growth as India allows rupee convertibility on capital account and foreigners get to buy assets directly through their banks. An example is BNB Paribas' significant investment in Geojit Securities, the country's largest retail stock broking firm. ■

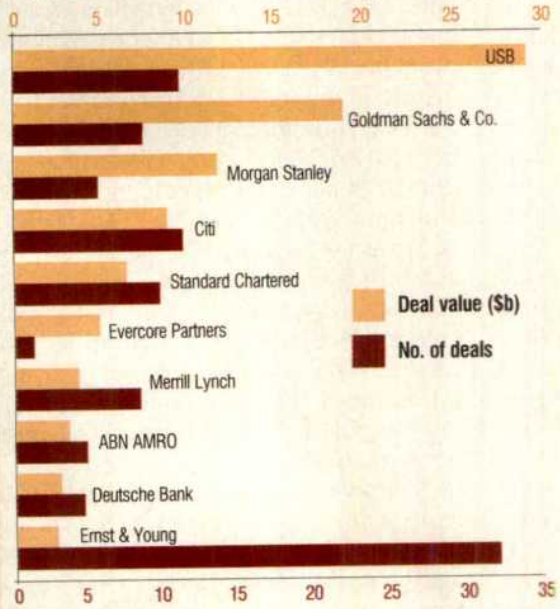
BAIJU KALESH

For feedback and comments, write in to dealtracker@bworldmail.com

SUBHABRATA DAS

TAPPING IT: Retail investors prefer risk-free investment through mutual funds

Indian financial advisory rankings



Figures for 1 January-17 December 2007

Top 10 India deals

TARGET	ACQUIRER	DEAL SIZE ($m)
BOC India	BOC Group	152.00
Reliance Capital Asset Management	Eton Park Capital Mgmt	127.51
Dalglen	Hero Group	81.84
Shree Digvijay Cement Co.	Cimpor Inversiones	81.80
Infomedia India	TV18	76.59
Travelport ISO & Upstream	Intelenet Global Services	75.00
Infomedia India	TV18	45.30
Nicco Corporation	Prysmian	32.14
Interarch Building Products	Itezhi Tezhi Hydro	25.42
Big Apple Real Estate	Phoenix Mills	20.26

Figures for 2-15 December 2007

League tables are credited proportionately among financial advisors involved in a deal whether the firm participated as target or acquirer financial advisor.

Note: Figures are based on ultimate parentage, meaning that an M&A deal carried out by a unit abroad will still be counted as that of the home country, provided the overseas unit is majority owned by the parent. Deal value is the total value of the consideration paid by the acquirer, excluding fees and expenses but including liabilities assumed. If the acquirer is buying 100 per cent of a non-financial company from a currently held percentage of less than 50 per cent, deal value is calculated by subtracting the value of any liabilities assumed by the acquirer and adding the target's net debt. US dollar equivalents are computed using the exchange rate at the time of the deal's announced date.

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comment

by omkar goswami

Decoupling can get decoupled

The author is the founder of CERG Advisory that specialises in corporate consulting and economic advisory services. He can be reached at omkar.goswami@cergindia.com.

DECOUPLING is the new buzzword among Asian fund managers. It means that most Asian economies — particularly China and India — are now less dependent on the fortunes of developed nations. The Asia of today is apparently far more immune to downturns in the US and EU business cycles than ever before; and that, led by China and India, Asia can maintain high growth rates irrespective of what happens to the US, the Euro Zone and the UK.

Under normal times, there may have been some truth to this decoupling hypothesis. If the US continued to grow at 3 per cent or more, the Euro Zone at more than 2.6 per cent, and Britain at more than 3 per cent, then it would have augured well for a significantly higher (decoupled?) growth for Asia led by its two economic giants. Unfortunately, the 'if' part of the previous sentence is looking like a distant dream.

We have only seen the tip of the iceberg of the US subprime problem. Up to now, the publicly stated hit on account of collateralised debt obligations is $45 billion, most of which has been bad subprime debt. The hits are going to be much more. By 2005, subprime mortgage origination in the US was $625 billion, or 20 per cent of total mortgage volume, and over 80 per cent of the two-year fixed and 28-year floating rate, or 2/28, home mortgage loans. The general sense is that upto a fourth of subprimes will go sour — which implies additional write-offs between $150 billion and $200 billion in 2008.

If that were to happen, the entire financial market will freeze up. All holders of securitised high-risk assets will want to sell, with few or no buyers; and all those in cash will want to flee to government securities and commodities. There will be no appetite for relatively risky equity, especially Asian scrips.

The process has begun in the US. The spread of BBB- mortgage-backed securities vis-à-vis the LIBOR is now 28 percentage points — implying that there are no buyers for such assets. Even for AA grade mortgage-backed securities, the spread is 15 percentage points; while for AAA grade, it is 5 percentage points. In plain English, nobody wants to buy mortgage-backed paper. The worry is whether delinquencies will spread to auto and credit card loans. The figures are up, and everyone is praying that it is just a blip.

Issuance of mortgage-backed paper has also fallen dramatically. In 2006, $479 billion on non-prime mortgage-backed securities were issued in the US. In the first 10 months of 2007, it was down to $194 billion. And the infection has spread to prime: from $580 billion issued in 2006, it was down to $352 billion in 2007. We are seeing the beginnings of a flight to safety, with a fairly sharp drop in US treasury yields for 10- and two-year paper.

In this backdrop of financial fear, now factor in problems of the real economy. US housing starts are down 42 per cent from the peak in January 2006; the S&P Case Schiller home price index has fallen 7 per cent from January 2006, and is expected to fall another 8 percentage points before levelling off. Retail sales are down month on month for the first 11 months of 2007. The consumer confidence index is down from 114 in July 2007 to 87.3 in November — a drop of 23 per cent in four months. The US economy is teetering.

Here's my forecast. 2008 will see US GDP growth dropping to 1 per cent or even less; UK's growth will diminish to 1.5 per cent; and the Euro Zone will see a fall in the growth rate from 2.6 per cent to under 1.6 per cent. It will be a synchronous slowdown, with a seizure in global capital markets and flight to commodities and safe gilt.

If these were to happen, who in their right mind would believe that the Indian and Chinese capital markets will remain decoupled and merrily chug along? Only those who smoke Afghanistan's major export in long, curved pipes. ■

To claim that Asian markets will not be affected by a major US and EU slowdown is wishful thinking

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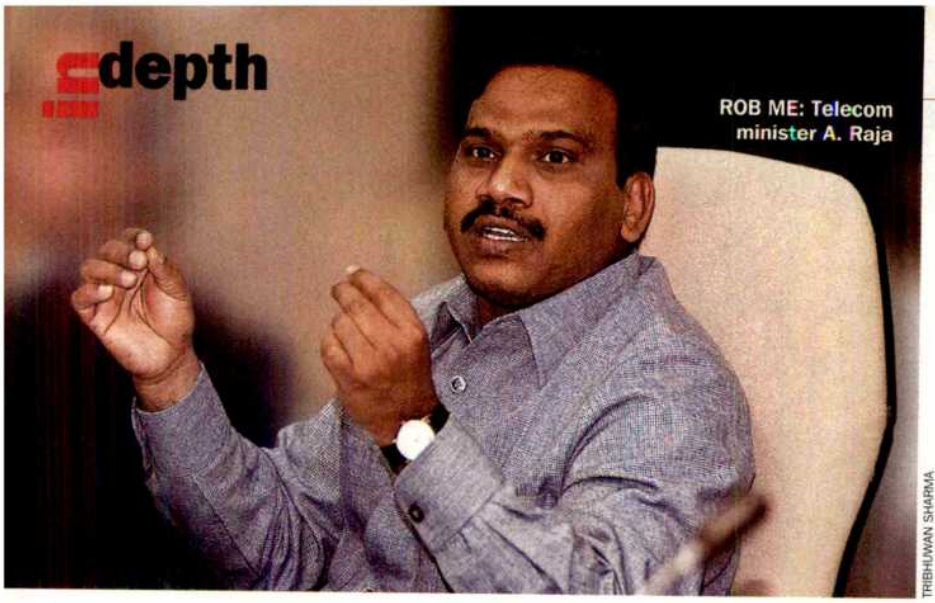

ROB ME: Telecom minister A. Raja

TRIBHUWAN SHARMA

DON'T show me the money

DoT's reason for selling spectrum at 2001 prices has no factual basis

PUJA MEHRA

A lone buyer haggling for a lower price is common. But a dogmatic seller stuck at a lower price even when the buyers are willing to pay more, is a rare situation. The sale of spectrum to mobile operators by the Department of Telecommunications (DoT) is one such peculiar story.

DoT has already failed to muster the law ministry's validation of sale at 2001 prices. The finance ministry, too, is uncomfortable about the sale of spectrum at six-year-old prices. Last week, Prime Minister Manmohan Singh joined the chorus with a public call for fair pricing to prevent loss of revenue to the owner — the government.

More importantly, potential buyers have put the money on the table. The mobile services market leader, Bharti Airtel, has said it will pay a minimum of Rs 2,650 crore for nationwide spectrum (Rs 1,000 crore more than what Reliance Communications paid for 4.4 Mhz of cross-over spectrum two months ago). "Treat it as our initial bid," Bharti said.

Yet, the seller — DoT — told the finance ministry it will charge no more than the 2001 prices. The reasons — as Telecom Secretary D.S. Mathur wrote to Finance Secretary Subba Rao recently —are two-fold. One, the entry fee to be paid for telecom licences cannot be revised, as per Mathur's communiqué, because it was fixed by the Cabinet in October 2003. Two, dual technology (GSM plus CDMA) licences were issued by the government in October 2007 on the basis of Telecom Regulatory Authority of India's (Trai) recommendation of August 2007, which, according to the letter, did not suggest any change in the licence fee.

DoT's reply to the finance ministry's questioning of the pricing of spectrum at 2001 rates:
A change in entry fee cannot be considered as it was approved by the Cabinet in October 2003

In 2003, the Cabinet accepted Trai's recommendation
If the government ensures additional spectrum, it may introduce new players through a multi-stage bidding, as for the fourth operator

These reasons are not borne out of facts. The Cabinet's decision in 2003 and Trai's recommendations in 2007 were drastically different from what DoT is projecting.

In 2003, the Cabinet had accepted — on the advice of the group of ministers on telecom — the recommendations of Trai for migration of existing basic and cellular service licences to a unified access services licence regime.

For the introduction of new players, these recommendations specified a multi-stage bidding process (as in the case of fourth licences). Basic cellular services operators were allowed to migrate to the unified licence regime by paying an entry fee equal to the difference between the entry fee already furnished by them and that paid by the fourth licencees. Clearly, the Trai recommendation requires the DoT to grant new licences through a bidding process.

It is a fact, as Mathur says, that Trai hasn't recommended a revision in its submissions in 2007. But that is because DoT never asked Trai to examine the pricing of spectrum. Trai Chairman Nripendra Misra told *BW* in an interview last fortnight, "Trai has not been asked to determine the price of spectrum." Nevertheless, the 2007 recommendations state: "...the entry fee ...is not the realistic price for obtaining a licence. Perhaps, it needs to be reassessed through a market mechanism."

While the government must seek Trai's recommendation on issues such as terms and conditions of licence (which includes pricing of spectrum), legally it is not bound by the recommendations. Yet, since the Trai opinion is arrived at after open house discussions, with the public and the industry, it would be difficult for the DoT to ignore Trai's recommendations. With many Cabinet colleagues disagreeing with DoT's pricing formula, it will have to put forth a more cogent solution to this piquant situation. ■

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The overreacher

Sebi's disgorgement order against NSDL and CDSL seems to have backfired

RAJESH GAJRA

THE implications ran deep late last month for the Securities and Exchange Board of India (Sebi) when the Securities Appellate Tribunal (SAT) set aside Sebi's 21 November 2006 Rs 115-crore disgorgement order against the National Securities Depository, Central Depository Services and eight depository participants (DPs). Two major implications were that Sebi's distortion of the application of disgorgement stood corrected and that Sebi ended up going after the wrong big fish.

It was the first time Sebi had resorted to disgorgement, which is taking illegally-earned gains from a manipulator and giving it to specified victims. The Sebi order did neither. In the infamous IPO (initial public offering) scam, about 80 financiers using 24 agents as executants put in multiple *benami* applications in about 21 IPOs during 2004 and 2005, to get higher allotment. Soon after listing, they sold the allotted shares, profiting from the difference between higher listing price and lower issue price.

Summing up this profit, Sebi had reached a figure of Rs 115 crore. Sebi's proceedings in the IPO scam are still not complete. "The usual options before any stockmarket regulator in such a case include disgorging from actual offenders and fining those who were negligent in their duties," says an advocate associated with the appeal against Sebi's order.

The SAT order was articulate in what it understood of disgorgement. "...it is not that every erring entity is held liable to disgorge... persons who have illegal or unethical gains alone could be asked to disgorge their ill gotten profits", stated the order. The SAT was also clear that disgorgement can't happen without first determining the guilt of the accused.

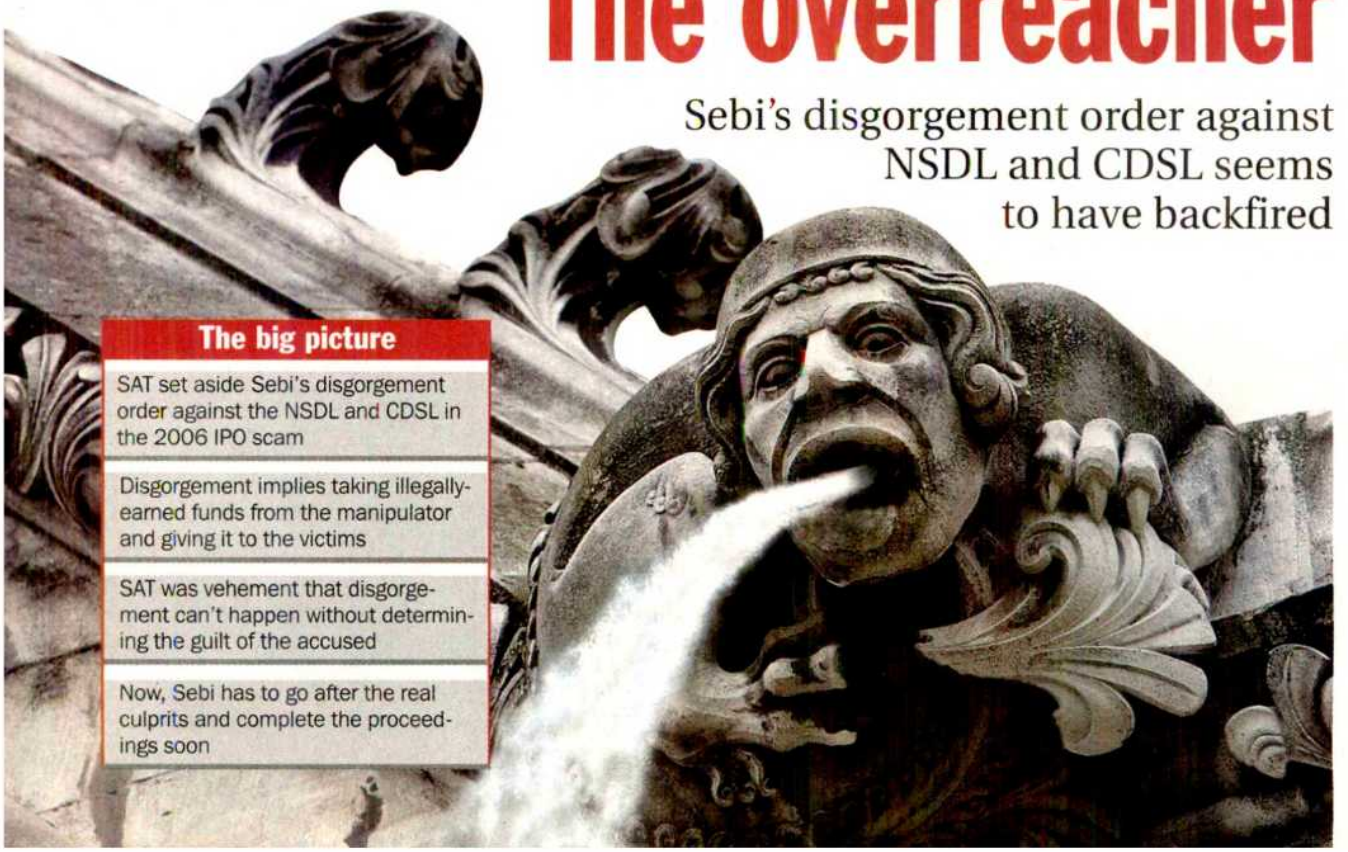
Sebi Chairman M. Damodaran had used the disgorgement order to showcase Sebi's fearless pursuit of big fish involved in market offences. Sebi had used the argument of 'contributory negligence' in its order, but the SAT dismissal has thrown out the justification.

Sebi now has to complete the proceedings soon. "The Sebi-frozen demat accounts of the about 80 financiers and about 24 executants contains securities that were valued close to Rs 100 crore early last year; in the bull run these would be valued at at least Rs 130-140 crore," says the advocate. Sebi can fine the DPs and the two depositories in proportion to their contributory negligence.

Sebi should also look at the lead managers in the affected IPOs. Sebi has so far not taken any action on the facilitative role of lead managers in failing to weed out multiple applications as is required of them. The Schedule II (clause 5.3.2.1) of Sebi's Disclosure and Investor Protection Guidelines for IPOs and public issues lays down the 'interse allocation of responsibilities' of lead managers. "The post-issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment/weeding out of multiple applications...," states a sub-clause in this Schedule.

The *benami* applicants in the IPO scam had used common addresses in their applications. Any ordinary software check would have revealed this fact and would have led to the rejection of applications as being suspect.

It is the right type of big fish that Sebi needs to go after. ■



The big picture

- SAT set aside Sebi's disgorgement order against the NSDL and CDSL in the 2006 IPO scam
- Disgorgement implies taking illegally-earned funds from the manipulator and giving it to the victims
- SAT was vehement that disgorgement can't happen without determining the guilt of the accused
- Now, Sebi has to go after the real culprits and complete the proceedings soon

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BLOOMBERG

Embraer is betting on soaring high in Indian skies

TRYING HARD TO TAKE OFF

To find a pad in a market dominated by Boeing, Airbus and ATR, Embraer is pushing for deals with Tata and Indian

GURBIR SINGH

EMBRAER, the world's third largest aircraft manufacturer in terms of annual deliveries, is pushing hard to replace the turbo-prop French aircraft maker ATR in India as the favoured supplier of jets for the 'regional' segment. The Brazilian company has begun talks with both the Tata Group, for supplying executive jets that include the Phenom 100, and with Indian, for the 80-85 seater E-175 commercial aircraft.

"I have been talking directly to Ratan Tata, and the Indian Airlines-Air India combine, and we are hopeful of pushing through a deal soon," said Orlando J.F. Neto, managing director of Embraer Asia Pacific. He declined to comment on how far away Embraer was from shaking hands with these two large customers, but said, "The Indian market has been growing strongly and we're finding our array of products — commercial jets, executive jets and defence systems — very well suited for the Indian market."

Neto spoke to *BW* at a celebratory event in Brazil's commercial capital of Sau Paulo where group president and CEO Fredrico Fleury Curado announced Embraer's completion of a sale of 100 Phenom 300 executive jets to Lufthansa and the aircraft manufacturer crossing the $5 billion revenue mark this year.

The negotiations with the Tatas and Indian follow a contract reached between Embraer and Invision Projects in India for the firm supply of 18 Phenom-100 and two Phenom-300 executive jets at the Dubai air show last month. The $69.4 million deal is the largest business jet fleet order in India.

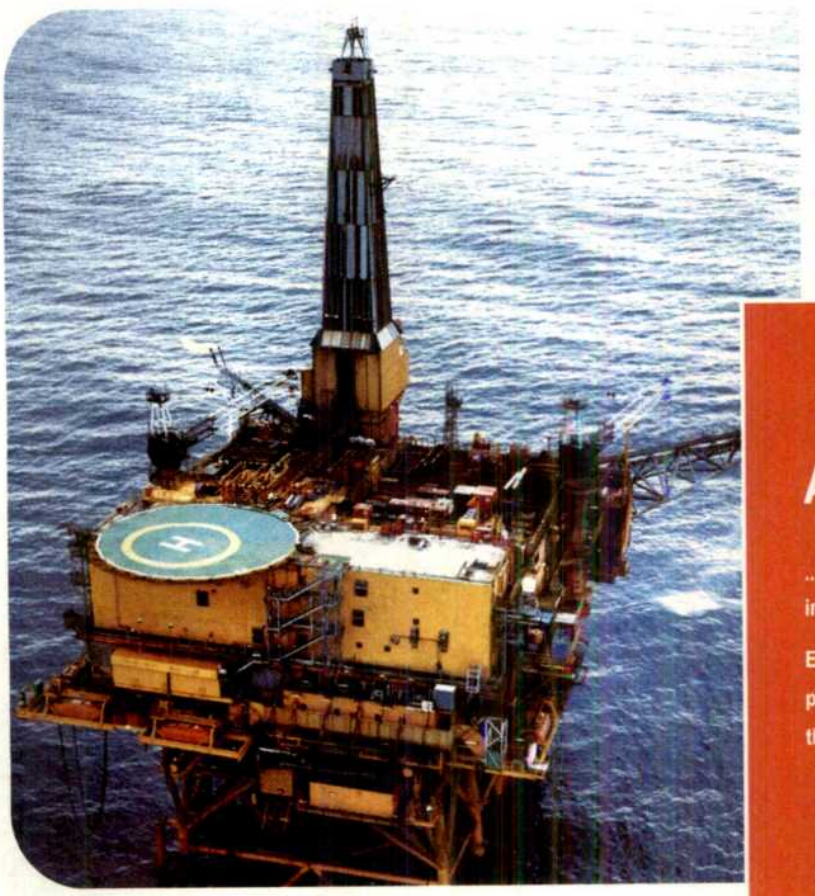
"We want to introduce a different style of flying," said Neto. In the commercial segment, the aircraft maker will be focusing on selling the E-170 and E-175 jets that can be configured for 60 to 85 seats and qualify for the 'regional jet' category. This gives the aircraft a 30 per cent subsidy for aviation fuel, making it a competitive product. In competition to the ATR series, Embraer is pitching the 50-seater ERJ-145. The company also makes larger commercial aircraft — the E-190 and 195 series — but the operational costs of these jets would be prohibitive as they do not qualify for subsidised fuel.

Embraer first made a splash in India when it emerged as the exclusive supplier of aircraft to the South India-based Paramount Airways. Paramount currently has five E-175 aircraft in the air. The company has placed firm orders for 20 more and an option for 20 additional aircraft. Neto said that Paramount pilots were being trained at Singapore. The company might consider setting up a training hub in India, possibly at Chennai, he disclosed.

In a revelation, Neto said his company had almost made a breakthrough with Jet Airways in preference to ATR. However, the deal was scuttled as Jet decided to focus on international destinations in preference to more regional centers, he said.

China seems to have emerged as the more important market for the Brazilian aircraft company. It has sold 50 planes to regional Chinese airlines so far and has options for another 250 aircraft.

Originally a public sector company, Embraer was privatised in 1994. Its main shareholders include the Bozano Group (11 per cent), Previ and Sistel pension funds (24 per cent), BNDES (6.3 per cent) and the Brazilian government (0.30 per cent). ■



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Cotton country

There is plenty of cotton but a sudden surge in exports has kept prices at high levels

M. ALLIRAJAN

GOING PLACES: India is expected to export over 7 million bales of cotton this year

THE bumper cotton crop may not result in low prices for the textile industry, which is already hit by a rising rupee. Prices of most major cotton varieties are higher by up to Rs 1,500 per candy (355.60 kg) compared with the corresponding period in the previous year (see table 'Prices Still At A High'). Indian cotton exports are expected to expand in 2007-08 to more than 1 million tonne, making it the second-largest cotton exporting country, according to International Cotton Advisory Council (ICAC), the apex global body for cotton.

Cotton accounts for about 60 per cent of the overall costs for the textile industry, and a 10 per cent rise in prices can impact the bottomline by 2 per cent. India, which recently pipped the US to become the second-largest producer of cotton, might end up feeding its key rivals China and Bangladesh.

China is now importing Shanker-6, a popular variety among spinners, in large quantities from India. Almost the entire 1.40 million bales (1 bale = 170 kg) that entered the market in November has been contracted for exports, mostly to China, say industry sources. High prices and good export demand are putting off local mills. "We have postponed purchases because of high prices," says K.R. Selvakumar of Sree Senthil Andavar Textiles in Coimbatore.

"Good quality cotton is being exported," says K. Selvaraju, secretary-general of the Southern India Mills' Association. "We need checks to protect our home grown cotton advantage." Producers are reluctant to sell cotton even to large mills, industry players say.

"Prices usually drop during this time of the year; but they are presently holding at high levels," says the managing director of a large spinning mill. "This has not happened in the past 3-4 years." Higher prices should benefit farmers but industry watchers point out that this is hardly the case. Profits are not passed on and, as a result, the hike benefits neither the farmer nor the industry. Ironically, the 1 per cent export subsidy, provided by the Centre when exports were low, still continues.

The industry wants the subsidy to go and has demanded that the import duty on cotton be halved to 5 per cent. According to ICAC, global cotton production is expected to decline slightly in 2007-08 to 25.50 million tonnes whereas consumption will increase to 27.2 million tonnes. As a result, world cotton trade is expected to rebound by 9 per cent due to higher Chinese imports.

Meanwhile, mills are hoping that the situation would ease by December-end. "China would stop imports by December," says an industry player. "This would lead to softening of prices. Companies have to learn to live with high prices because of strong global and local demand."

India exported about 5.50 million bales last year and this is expected to cross 7 million bales this year. If exports grow beyond this, the industry would be under severe strain. India's cotton production topped 27 million bales in the 2006-07 cotton season (October-September) and it is expected to touch 32 million bales in 2007-08. Sometimes, enough is not good enough. ■

Booming exports

Year	Quantity (lakh bales of 170 kg)	Value (Rs crore)
2002-03	0.83	66.31
2003-04	12.11	1,089.15
2004-05	9.14	657.34
2005-06	47.00	3,712.21
2006-07	55.00	N.A.

Note: Value figures are estimated
Source: Cotton Advisory Board

Prices still at a high

Cotton variety	15.11.06	31.10.07	15.11.07	4.12.07	18.12.07
Punjab J-34 SG	17,130	19,310	19,500	18,100	18,576
Gujarat Shanker-6	18,300	20,300	20,500	20,000	19,900
Mech-1/H-4 Madhya Pradesh	17,500	19,500	19,800	19,400	19,300

Figures are in Rs per candy (355.60 kg)
Source: Industry

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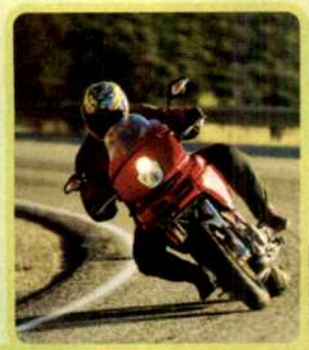

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Traditional ayurveda companies allege that the government is undermining the age-old science by expanding its definition

Ayurveda remix

GAURI KAMATH

CAN drugs that are derived from herbs described in India's ancient ayurveda texts but using methods that might not be also defined as 'ayurveda'? The answer to that question could be yes and no, depending on whom you ask.

The nub of the issue is a definition. According to the Drugs & Cosmetics Act of 1940, an ayurvedic drug is any medicine intended for external or internal use, manufactured exclusively in accordance with formulae described in the authortive ayurveda texts. The Act lists 54 such texts including the Charak Samhita dating back to the 3rd century BC.

A group of traditional ayurveda manufacturers alleges that this definition is under threat.

For some months now, the department of Ayush, under the ministry of health, which has oversight on Indian systems of medicine, has had plans to term 'hydroalcoholic extracts' of traditional herbs as ayurveda by including a group of them in the Ayurveda Pharmacopoeia. A pharmacopoeia is a compendium of known drug substances and their quality specifications. This, it believes, will help it standardise those extracts and their manufacture, thus raising the bar on quality, and hence, on safety.

But these extracts are not ayurveda at all, says Ranjit Puranik, CEO of ayurvedic drugs manufacturer Shree Dhoota Papeshwar, a member of the Mumbai-based Ayurvedic Drug Manufacturers' Association. Ayurveda products involve the use of water as a solvent for the purpose of extraction. Herbs are boiled in water to a specific concentration before a decoction is obtained and then extracted to get the end-product. Using alcohol might provide some commercial advantages (you get more stable compounds, consume less energy) but this is not what the texts have prescribed, he says. And it might make the drug unsafe.

Others differ. Ghaziabad's Association of Manufacturers of Ayurvedic Medicines (AMAM), which has FMCG company Dabur India as a prominent member, says the use of alcohol in extraction is prescribed in the texts. It points to Asav-Aristhas, a range of ayurvedic products made by fermentation — therefore, slightly alcoholic — as proof.

But there are two problems, says Puranik. One is that while alcoholic extraction uses 100 per cent proof alcohol as solvent, in the Asav-Arishta method of manufacture the alcohol content varies from 3 to 12 per cent proof. Two, unless the term 'hydroalcoholic' is well defined, companies might use a number of alcohols such as methanol, isopropyl and ethyl. These could accumulate in the body. and over long term, cause toxicity and endanger the patient. Known side-effects of these compounds include blindness and pancreatitis. He fears this will also tarnish the image of ayurveda as a science.

Anita Das, secretary, department of Ayush, did not respond to telephone calls or answer an e-mail.

But Puranik has solutions. One is to prescribe a different regulatory pathway for products based on alcoholic extraction that requires more elaborate safety tests than ayurvedic products — whose safety has been established on the basis of ancient documents. These tests could be similar to what is required of chemical drugs. Some industry watchers agree there is enough ground for making the differentiation. "Just because you use the same plant does not make it ayurveda," says Reenita Malhotra Hora, an ayurveda practioner in California who has authored two books on the science. "We are not against new medicine but let's not call it ayurveda."

Others, like drug maker Ranbaxy's spokesperson, suggest a middle ground. "Water and alcohol extracts may be allowed as ayurvedic medicines as used traditionally. However, a separate regulatory pathway providing details of the studies, including safety, needs to be developed for the extracts using solvents other than water and alcohol," he says. The government will be the final arbiter. ■

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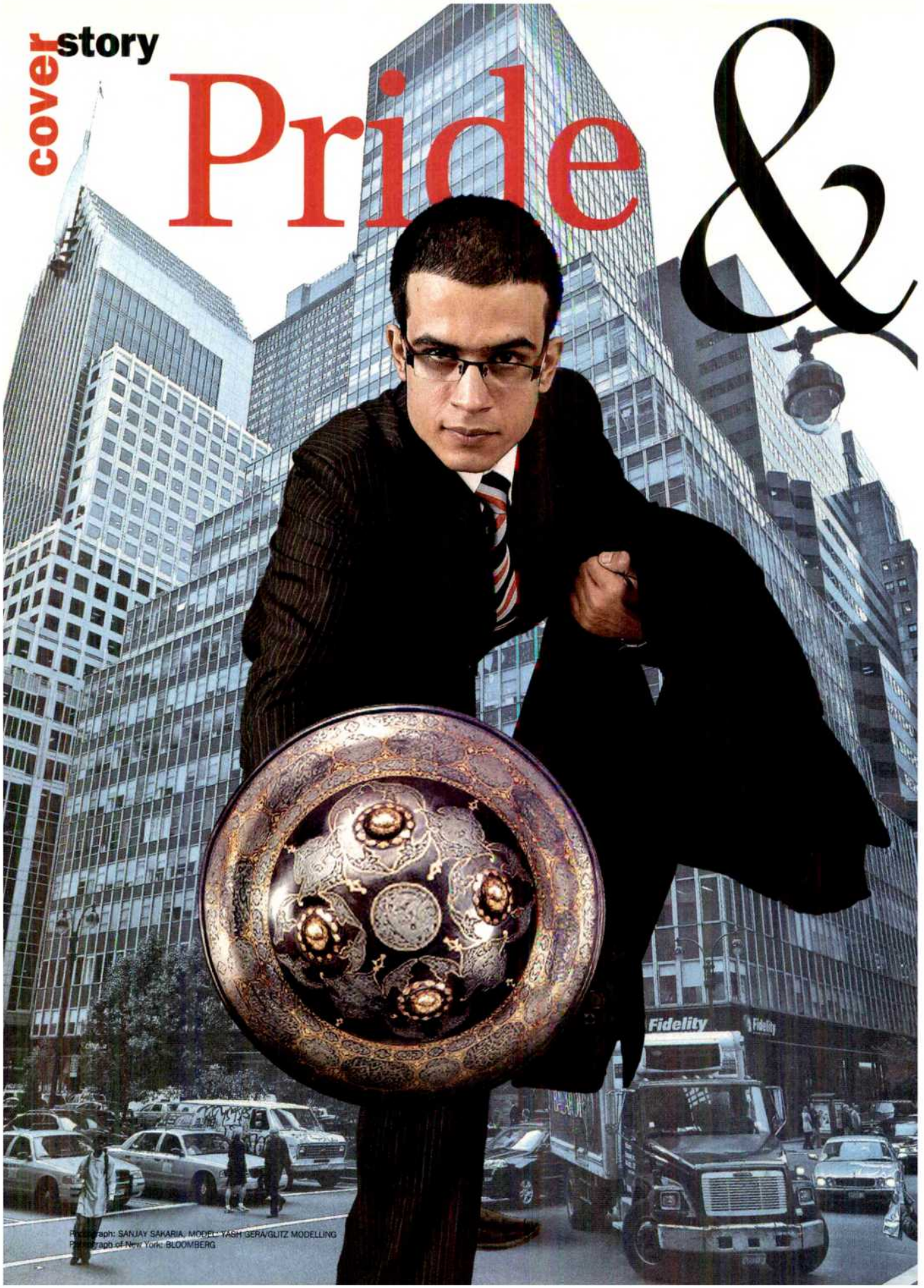
cover story

Pride &



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Photograph of New York: BLOOMBERG

prejudice

Are Indian companies perceived as being incapable of managing global brands?

By Srikanth Srinivas with Lalita Aloor Amuthan in New York

EXECUTIVE SUMMARY

- Global brands are associated with a certain identity that is dependent on subjective perceptions
- The opposition to Indian ownership of iconic brands boils down to quality — a key consideration with brands
- Corporate India should take a broader view of the problem and prepare accordingly. Respect is earned, not given freely

IN 1911, Sir Frederick Upcott, chief commissioner of the Indian Railway Board in British India, said, "Do you think the Tatas propose to make steel rails to British specifications? I will eat every pound of steel rail they succeed in making!" Almost a century later, you could be forgiven for believing that the neo-colonial mindset hasn't changed. And in the latest round of this debate — if we can call it that — feelings run just as strong. Just read the blogs about the rebuff that Orient Express Hotels (OEH) gave the Indian Hotels Company, the Taj Group of hotels — a Tata Group company — and you will see the heavy load of emotional baggage that many still carry.

On Wednesday evening, R.K. Krishna Kumar, vice-chairman of Indian Hotels, delivered his own riposte to the letter from Paul White, chief executive officer of OEH, which rejected Indian Hotels' proposal for a strategic alliance; in it, Krishna Kumar expressed surprise at the tone and content of OEH's letter, calling White's description of the Taj Group "pejorative, inaccurate and libelous". Krishna Kumar went on to demand a formal apology from OEH on its website, and added a barb of his own: that in an age of global integration, "those with a fossilised frame of mind risk being marginalised".

On Thursday, even Commerce Minister Kamal Nath weighed in, calling OEH's remark "ignorant", and asked the US business counsel to reprimand the company.

This isn't the first time that an American organisation has cast doubts about Indian companies' abilities to manage a global business or brand; several weeks ago, Ken Gorin, chairman of the Jaguar Business Operations Council that represents Jaguar dealers in the US, told the *Wall Street Journal* that the American public "was not ready for ownership out of India of a luxury brand such as Jaguar". That also happened to involve a Tata company — Tata Motors; the Tatas and Mahindra & Mahindra are front-runners in the race for acquiring the Jaguar and Land Rover brands being sold by Ford.

Reactions to Indians buying out US companies vary depending on the industry. Software companies usually face little opposition, given the global recognition for India's computing expertise and edge. Most business-to-business (B2B) takeovers are accomplished with little difficulty, though there was some opposition in the early years. But brands are another story altogether; they are associated with a certain identity that is dependent on subjective perceptions.

Perhaps the opposition to Indian ownership of iconic brands boils down to one word — quality, which is a key consideration with branded products and services. And here,

The Journey Of Orient Express

It started as a train between Paris and Istanbul, made famous by Agatha Christie's *Murder on the Orient Express*, Graham Greene's *Stamboul Train*, Jules Verne's *Around The World In 80 Days*, and sundry movies and TV shows, including *Star Trek: The Next Generation*. The modern Orient Express Hotels (OEH) is a luxury travel and leisure business, and the train — not the original, but a privately run service named after it — plies between London and Venice, and occasionally to Istanbul. Tickets for the overnight journey run at roughly Rs 1,00,000. Founded in 1971 and incorporated in Hamilton, Bermuda, OEH owns and manages 39 hotels, 6 trains, 2 river cruises and 2 restaurants in 25 countries. The company also owns the famous 21 Club in New York City, to which it plans to add a hotel. It sold its 49 per cent stake in another iconic London restaurant, Harry's Bar, last year. Some journey. ■

Conrad Hotel, Hong Kong

Hotel Kempinski, Koenigstein, Germany

Photographs: BLOOMBERG

Top retreats

Twenty-five top luxury hotel companies operating in Europe at the end of 2007.

Luxury brands/ collections	Operator
Intercontinental	Intercontinental Hotel Group
Sheraton	Starwood Hotels & Resorts Worldwide
Sofitel	Accor
Le Meridien	Starwood Hotels & Resorts Worldwide
Kempinski Hotels & Resorts	Kempinski Hotels & Resorts
Luxury Collection	Starwood Hotels & Resorts Worldwide
Starhotels	Starhotels SPA
Fitz Cariton	Marriot International
Four Seasons Hotels & Resorts	Four Seasons Hotels & Resorts
Rocco Forts Collection	Rocco Forts Collection
Fairmont Hotels & Resorts	Fairmont Raffles Holdings International
Maimaison	Maimaison
Park Hyatt	Hyatt
Orient Express Hotel	Orient Express Hotel
Conrad Hotel	Hilton
Gran Melia	Sol Melia Hotel & Resorts
JJVV Luxury Hotel & Resort (includes recently acquired Eton Collection)	MBI International
Stein Hotels	Stein Hotels Group
Mandarin Oriental	Mandarin Oriental Hotel Group
Red Carnation	Red Carnation Collection
JVV Marriot	Marriot International
Hotel du Vin	MWB
Regent Hotel	Rezidor Hotel Group
Grand Hyatt	Hyatt
Firmdale	Firmdale

Source: PricewaterhouseCoopers

even die-hard Indian supporters acknowledge that India Inc. has a long way to go. The second concern is that of management ability. Indian management is not looked upon very favourably or rated highly, mainly because it's feared that they don't understand marketing very well.

The opposition to the buying of the Jaguar brand may stem from this. "The main issue is not the end-user, but the dealers who may have to deal with Indian management," says Nick Vaidya, a marketing accountability specialist and partner at the 8020Strategy Group, a management consultancy firm based in Austin, Texas. "They are worried about the management team that new ownership will bring."

For consumers in the US, the Jaguar is fast, sexy and sophisticated: not something that the Tata name stands for, says Michal Ann Strahilvitz, professor of marketing at Golden Gate University in San Francisco. "Most Americans will rate the safety of a car from the UK or the US higher than if it came from India," she says. "Perhaps the new owners should stress ownership less." Even though Ford makes the Jaguar, she adds, car owners don't refer to it as a Ford. Or to a Lexus as a Toyota.

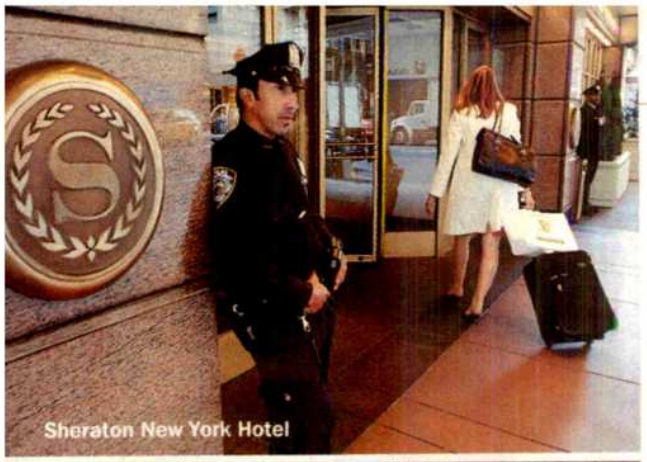
But if country of ownership plays such a big role, why then is Jaguar still admired for its British heritage though there's nothing British about the car? Many popular brands are owned by American companies, but made in other countries. Take Nike, the iconic shoe brand. Consumers will still pay a premium for it, even if it's made in Malaysia. "That's because the country that the brand is originally from carries the brand value," says Haiyan Wang, managing director of the China India Institute in Maryland, US. "That is separate from the country of ownership or manufacture."

It Won't Go Away Soon

Companies from other countries have faced similar opposition — Dubai's DP World, a firm that bid to manage the ports of New Jersey and Philadelphia — had to withdraw after fierce opposition on the ground of national security. In 2005, China National Offshore Oil Corporation's $18.5-billion bid for California-based Unocal Corp sparked a firestorm in Washington. So India Inc. is an easy target, especially if politicians get involved. But why should that make the United States — usually an investor-friendly economy — turn protectionist and anti-foreign investment? Perhaps there are other factors in play.

Y.K. Hameid, chairman of Cipla, a large pharmaceutical company that manufactures generic drugs, thinks opposition to Indian investment in US companies could persist. "We have faced constant opposition from multinationals because of patent issues," he says. "They take out advertising campaigns against us, and build public opinion against us. The chairman of GlaxoSmithKline called us a pirate company. To which we said GSK stands for general serial killers."

"Mostly, resistance to deals is a business reaction but occasionally country-of-origin problems may arise," says Jayesh Desai, national director for transaction advisory services at Ernst & Young. "Last year we saw one instance of this when a


Sheraton New York Hotel

Hotel Marriott, New York

European company questioned the financial ability of an Indian company to close the transaction. The Indian company was well known and had its financing in place."

Most others see this as part of an image problem. The India Brand Equity Foundation (IBEF), a Delhi-based agency, has been working on building an image in Europe and the US that is conducive to Indian investments there. "We have not encountered any kind of national racism," says Jayant Bhuyan, CEO of IBEF. "There are so many Indians in senior positions in global companies; besides, we are not perceived as corporate raiders using hostile takeovers." In some places, at least, it seems we are not as alien as the Chinese.

Who Owns America?

Following the recent global credit crisis, Citigroup — a well-known brand too — sold a stake to the Abu Dhabi sovereign wealth fund. Similarly, China Investment Corporation, another sovereign wealth fund (SWF), bought a stake in Blackstone, the private equity firm. A look at the numbers on foreign ownership of US assets is startling. At the end of 2004, the US Department of Commerce figures show, the purchase price of foreign-owned assets in the US was about $1.7 trillion, or more than $3 trillion when a rough gauge of current market value is used. In other words, foreign-owned assets amount to about a fifth of all US corporate net worth.

Many, if not most, Americans may know that Shell Oil, which has operated in the US for a century, is a foreign-owned company, a Dutch-British consortium. And it's obvious to all that the tens of thousands of autoworkers who assemble cars in Alabama, Indiana, Ohio, South Carolina, Texas and elsewhere for Honda, Toyota and BMW report to parent companies overseas, not to mention that DaimlerChrysler was not headquartered in Detroit.

But other, less obvious foreign companies are ingrained in the US economy. The largest food service company in the country is Sodexho USA, formerly part of the Marriott hotel empire. Now owned by France-based Sodexho Alliance, the company employs 120,000 people in the US — earning $6.3 billion in 2005 and supplying almost half of the parent company's revenue. It serves millions of meals a day in school and college cafeterias, on Marine Corps bases and in corporate and government offices. The country's largest protective

What Luxury Means

American Demographics recently asked consumers to define luxury. The following table illustrates the differences in definition of luxury by race, gender and age.

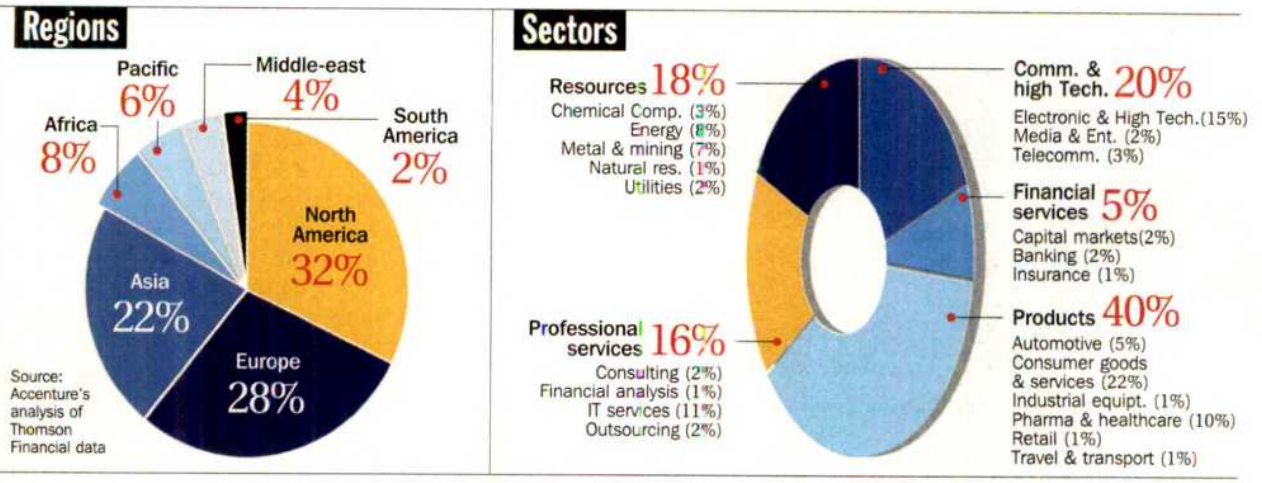
	Men	women	18-34	35-54	55+	Black	Hispanic	White
Glamorous/classic/elegant	67	73	72	66	74	69	64	72
Comforting/relaxing/pampering	55	54	52	56	54	38	51	58
Status symbol/exclusive/prestigious	51	51	39	50	57	43	41	53
Wasteful/unnecessary/extravagant	27	18	19	28	19	32	14	23
Trendy/fashionable/'in'	21	23	26	19	24	30	33	18
Flashy/gaudy/elitist	28	12	37	22	10	**	31	16
Practical/quality/enduring	14	18	**	15	20	**	**	18

All figures in per cent

Source: *American Demographics*

Cross-border deals

Distribution of Indian cross-border mergers and acquisitions by number of deals (1996 to August 2006)



service — guarding banks, corporate offices and some port facilities — is Securitas Security Services USA Inc. This Sweden-based company made its first inroads in the US in 1999, when it bought Pinkerton's Inc. Later, Securitas acquired Burns International, the Wells Fargo security company and other prominent names that date to the mid-1800s.

Quality Comes With A Capital Q

Indians are no strangers to luxury. This was the land of maharajas and opulence; the cultural memory of such experiences does not die so easily. So Indian hotels are capable of — and do — offer a high standard of luxury that OEH may find hard to object to. Sadly, there are no comprehensive customer satisfaction surveys carried out for Indian products and services on a scale that includes global users; there is some sample data and anecdotal evidence to support the contention that for India's image, quality is a problem.

Ask a dealer in Indian goods overseas, and he will tell you that quality is an issue. "I deal with insurance and have been extensively involved in claims for goods imported from India," writes Jonathan O'Hara from New York in a blog. "Indian goods have had more issues from an insurance claim standpoint involving poor quality than many other countries, including China. Yes, India is probably going to become the new Japan in terms of quality of their goods in the future, but as we all know with Japan, that process took decades."

The Leading Hotels of the World compiles a list of about 450 hotels around the world that it rates as the most luxurious. The Taj Group, apart from a couple of palace hotels, is the only Indian chain on the list, which could be viewed as testimony to its quality. But another list — that of the Preferred Hotels and Resorts Worldwide, a smaller and more exclusive roster of about 250 hotels — has no Indian hotels featured on it. Defining luxury is a tricky and subjective business.

In his letter to OEH's White, Krishna Kumar points out that one way to gauge the premier status of a business or brand is by looking at how much customers will spend on it. Given that OEH has no presence in major metros, Krishna Kumar says, this makes comparisons difficult. He does however point out that OEH's average room and occupancy rates are "meaningfully below" those of the Taj Group's properties.

Promoting Brand India

In 2002, the Incredible India campaign — targeted mainly at tourists and visitors to this country — met with success, in Europe, the US, Japan and South-East Asia. "There has been an incredible rise in awareness levels about India," says Sudhir Nair, vice-president of G2 Interactive, a division of the Grey Global Group, an advertising agency that manages the campaign. But Nair acknowledges that its impact on corporate India's image cannot be determined.

Amitabh Kant, principal secretary at Kerala's Ministry of Commerce, disagrees. "The change in perceptions was visible at the recent Confederation of Indian Industry meetings in New York," he says. Then why are Indian companies having such a hard time? "Despite the shift in the global economy, the mindset at most western companies has not changed."

Pippa Ibsell, spokesperson for OEH, says that the recent brouhaha might have been due to a misunderstanding. "Our concern is not that Tata is an Indian company, but that it is based in India, where OEH does not have a presence or expertise," she took pains to point out. "The decision was a purely business one. Their hotels have no synergy with the brands we own globally."

The confidence of India Inc. on the global stage will continue to take a few hard knocks. Often, the doubts that may be raised will be real; so while our pride may be injured, India Inc. should take the broader view and address the questions, and prepare accordingly. And we have done that in the past. Ultimately, respect is earned, not given freely.

In 1988, 77 years after Sir Upcott's derogatory remarks, Prime Minister Margaret Thatcher privatised British Steel, maker of rails for British Rail. In 1999, British Steel was merged with Dutch steelmaker Koninklijke Hoogovens, and was renamed Corus. In 2007, Tata Steel bought Corus. History does come around, after all. ■

Inputs from Gina S. Krishnan, Piya Singh and Meghana Biwalkar

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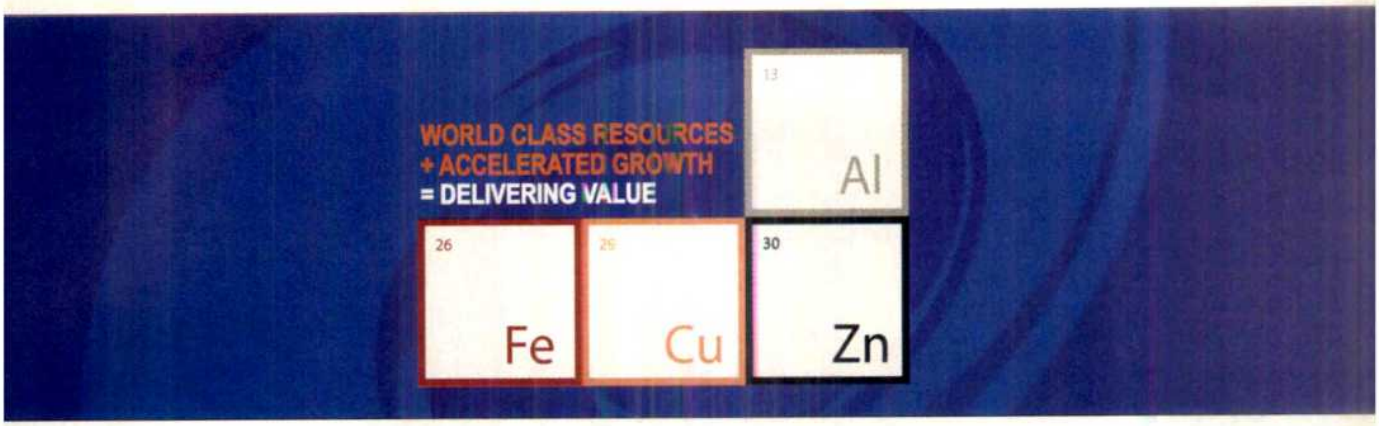

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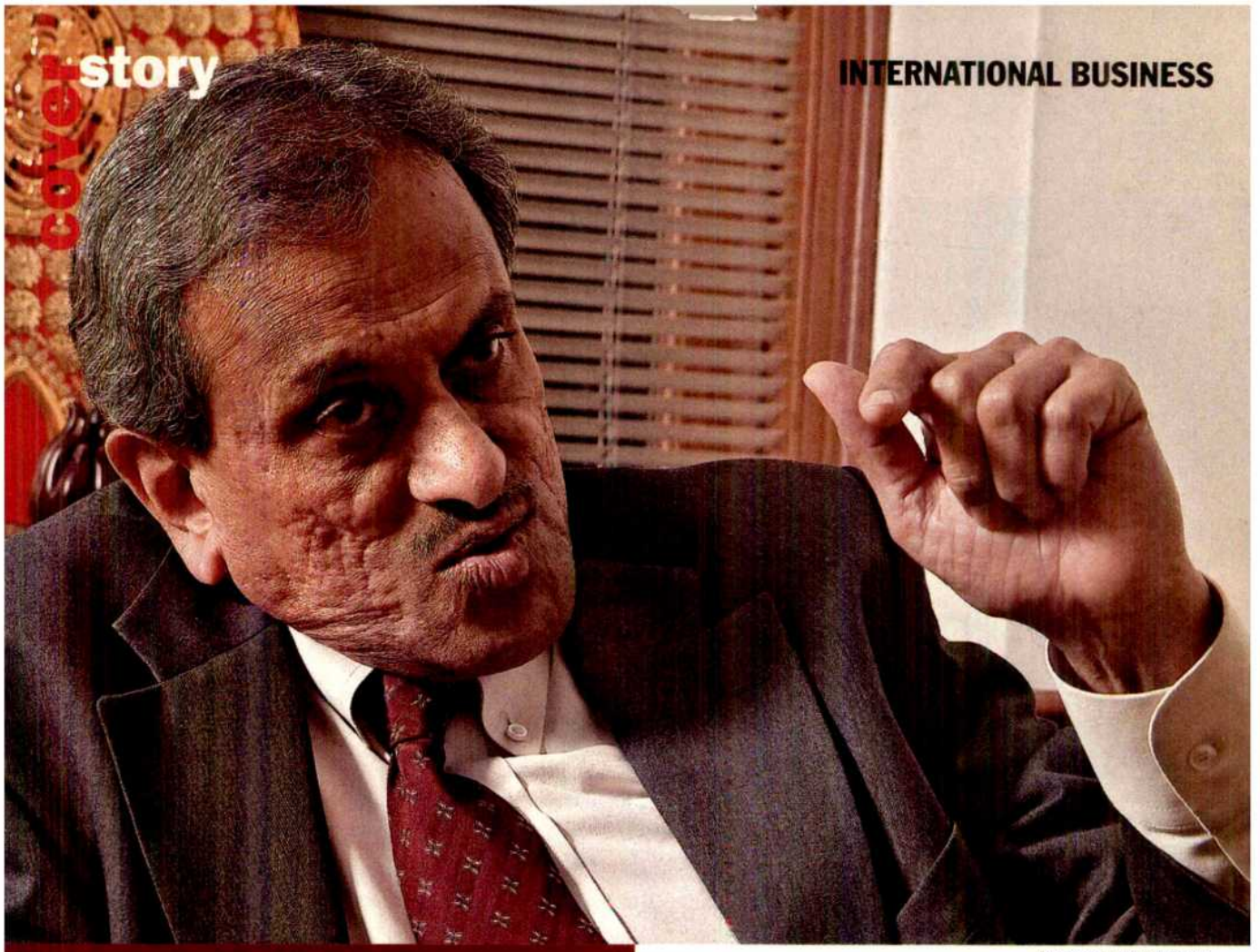


Photographs: SUBHABRATA DAS

R.K. Krishna Kumar, Vice-Chairman, Indian Hotels

'There is no under-current of anti-Indianness'

Indian Hotels Vice-Chairman R.K. Krishna Kumar has been the key driver of the company's international growth, including its 11.5 per cent stake in Bermuda-headquartered Orient Hotels. This week, the normally restrained Krishna Kumar responded forcefully to the luxury hotel chain's belittling of Indian Hotels as a second-rate hotelier from a third-world country, calling it "pejorative, inaccurate and libellous". In a sharp letter to Orient's CEO Paul White, Krishna Kumar pointed out that global customers seemed to value Indian Hotels' properties more than Orient's as the former enjoyed higher average room rates (visit *www.businessworld.in* for full text of Krishna Kumar's letter). Krishna Kumar, who demanded a formal apology from Orient, also lambasted the company for having "an entrenched board and management that does not meet the needs of its shareholder base, nor respect the most basic tenets of corporate governance". He closed by warning that "those with a fossilised frame of mind risk being marginalised". A day before Krishna Kumar wrote to White, he spoke with *BW*'s Piya Singh about the face-off with Orient and the borderless world for business.

■ *Why has your investment in Orient Express elicited such a negative reaction from their management?*

When you have power, it shows.
poWer
PETROL WITH ENERGY BOOSTERS

■ This reaction is not from their management. Perhaps, it is from a part of the board. Inorganic growth is a strategic compulsion. Companies that do not tread that path will face the challenge of perishing in a very flat world where country borders do not have overwhelming importance. This kind of a unified vision for business is an essential part of a company's strategy. Whether it is beverages or hospitality, Corus or Tetley, we have followed the same path, and in a constructive manner.

The idea is not to make an acquisition and run it as a branch or a separate entity. The idea is to morph into a new entity. One company plus another should not just make two companies. Instead this must create a third new enterprise in spirit and form. I met Paul White, the CEO of OEH, and there was no indication whatsoever of resentment or opposition. It is perhaps just one or two individuals with no economic interest who prompted the letter.

"It is perhaps just one or two individuals with no economic interest who prompted the letter to be sent"

■ *Why did you choose Orient Express? How did the events unfold in your association with them?*

■ We are constantly looking at increasing our presence in the globe and for new opportunities. OEH has a good geographical fit, although primarily as a leisure player. My first meeting was with the founder and former chairman of Orient Express, James Sherwood. We had a very good meeting on the potential merits that both companies could arrive at from an association. That was the starting point, sometime in July-August. He said that we should seriously explore whether a partnership or an alliance would be beneficial to both of us. From that time onwards, we have consistently talked about such a partnership till now. All the letters filed with the SEC show that we did not propose a merger or acquisition. We did not want to destroy the identity or independence of Orient Express. In all the letters sent to us, they have said that they do not want a merger and they want to keep their independence and separate brand identity, so where's the conflict? And we reinforced this (more than once). Later I met White in London at his office and clarified our stance. But, in between, we got the clear impression that to be taken seriously we should have some investment in that company. Even when some other companies had made such proposals to them, including a 100 per cent takeover offer, the board did not record it.

The equity stake investment had a purpose. We wanted to be taken seriously but in a friendly manner. That's why we filed a return after we made the 10 per cent investment that categorically explains our intention. I clarified where we came from and the fact that we do not wish to make an invasive move. The track record is there to see whether it's Corus, Tetley, Brunner Mond or Daewoo.

In analyst meetings and shareholder meetings, we found a pattern. OEH had repeatedly said that the Taj has not made a concrete proposal. We received calls, e-mails in this very office from several shareholders. If you total up that number, it is significant. But, we took the honourable course and did not take that path. We declined. When we were told that no clear proposals were put forth, we just bought some shares (and filed with the SEC) but clearly identified four or five areas where we could work together. These included aligning the marketing strengths of the two companies, strategic sourcing initiatives, examining the possibility of creating a new HR platform and, of course, a powerful IT architecture that would benefit them as well. What I had in mind was also an exchange of equity shares. We invited them to invest in Indian Hotels. And they could probably manage some of our international operations. Why? Orient Express has some city properties including in Sydney and Madrid. However, fundamentally they are a leisure hotel group. That is an important condition, but not a sufficient one because big groups must be in key cities that operate as windows of access to the country as well as to get the higher room rates and revenue per available room. The point is that we had some purpose in mind while suggesting this alliance. Then came this whiplash of a letter.

■ *Specifically, what do you think of the tone of White's letter?*

■ Paul White is a gentleman, a professional and knows what he is saying. I do not believe that he would have drafted such a rude and insulting letter. Whoever drafted it, I have to say that in this day and age it was an uncivilised act.

■ *Do you think problems of India's brand image will hinder this transaction and others that the Tata Group wants to complete such as the Jaguar-Land Rover deal?*

■ I don't think that there is an undercurrent of anti-Indianness whether it is the Orient Express transaction or any other. In any case, this is India's era. The biggest Fortune 500 companies have India inside, in some form or the other. The world is changing at a dramatic pace. And if people have concerns about that, they should be even more concerned about Chinese companies whether it is food, jewellery, toys or anything else. Sometimes such positions are inspired by small vested interests. In the Jaguar deal, some other interests after the same target may have inspired these dealer responses. I do not believe that American or British companies have anti-Indian feelings in their DNA. We've acquired hotels, run them successfully and I have never experienced anything of the kind. Even in Orient Express, keeping aside some of the small elements, I don't think the rank and file of the company will be anti-Indian at all.

Given an opportunity, the rank and file of OEH, the stakeholders of the company, will welcome a partnership that enhances value. Of course, those defending vested personal interests will not see it that way. But then the corporate world is also changing — better governance, transparency and fiduciary responsibility. Anyone can apply these criteria to OEH and come to their own conclusion on where the balance rests. ■

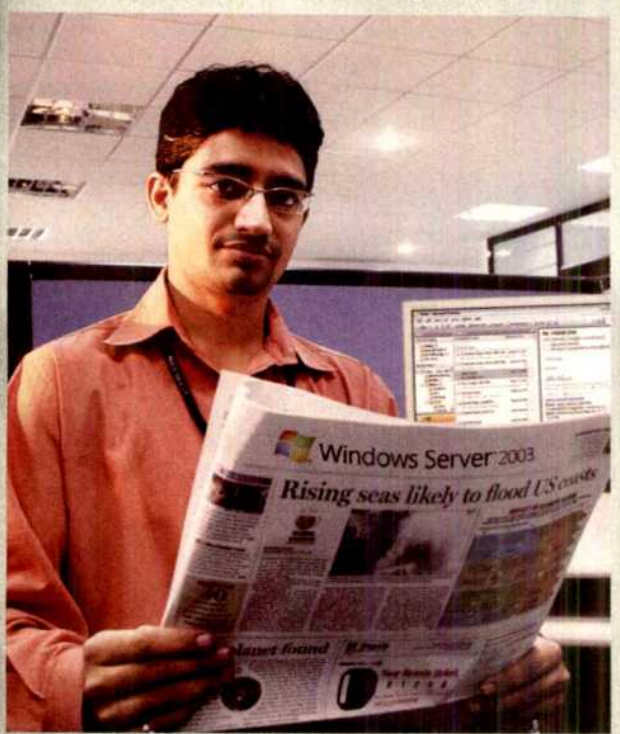
Microsoft

The Highly Reliable Times

VOLUME 1 – ISSUE 2

Windows Server 2003

WINDOWS CLICKS WITH NET4INDIA OVER LINUX



Ashok Choudhary for The Highly Reliable Times

Net4India manages its multitude of internet based services efficiently with a strong IT backbone.

VALLI SPEAKS OUT:

"Customers are looking for millisecond response times which the Linux and MySQL was unable to cope with. We wanted our Web servers to return queries in milliseconds. This has been achieved by the new application running on SQL Server 2005 and Microsoft .NET Framework 3.0,"

- Desi S Valli, ED & COO, Net4India.

Millisecond customer response made possible by a reliable communication platform

By C. LAL

NEW DELHI, Nov. 2007 - Net4India is the leading pan-India IP communications company and the only Indian Internet communications company with service provisioning ability on a multitude of Internet based services such as domain registration, Web hosting, data center operations, business e-mail solutions, Internet telephony services and Internet access services.

Net4India had built its portal on open standards i.e. Linux as the operating system and MySQL as the database. However problems plagued this arrangement, right from slow lead time affecting customer experience to unreliable web environment that required the team to constantly develop updates. Net4India required a scalable, reliable and secure solution to manage its operations

Which is why, Net4India turned to the Microsoft® .NET Framework 3.0 programming model. The Technology team used Windows® Communication Foundation and Windows Workflow Foundation to simplify, speed up and future-proof its applications. More importantly, it provided the seamless, secure, and reliable connection across the e-commerce portal that Net4India was looking at.

"Customers are looking for millisecond response times which the Linux and MySQL was unable to cope with. We wanted our Web servers to return queries in milliseconds. This has been achieved by the new application running on SQL Server 2005 and Microsoft .NET Framework 3.0," explains Desi S Valli, ED & COO, Net4India. The solution was designed keeping in mind enhancement of the user experience and to provide a reliable technology platform for high usage data center environment.

The customers seem to be the real beneficiaries of the improvements that the new Microsoft Windows®-based architecture employed by Net4India brings. For the full Net4India case study plus other independent case studies and research findings on reliability of Windows Server over Linux, visit us at microsoft.com/india/getthefacts

BREAKING NEWS:
Satisfied customers back the secure communication platform

Consistent updates ensure Net4India delivers a secure platform and a long line of supremely happy customers. – *Continued on Page 14*

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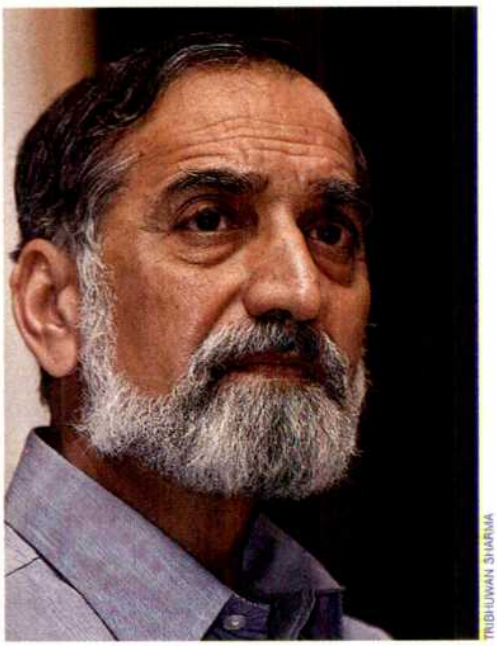
McCann/MSFT/17/07

Creating a halo

Kiran Karnik *is president of Nasscom. The views expressed in this column are personal.*



TRIBHUVAN SHARMA

WHAT makes it possible to sell coloured syrup water, costing far less than a rupee, for a price five to ten times as high? Basically, brand. For it is this intangible, often indefinable element, that entices people to buy this instead of that. Brands are the new medals of honour, worn or displayed to indicate status, achievement and distinctiveness. Traditionally, brands such as Rolex or Rolls Royce signified the pinnacle of achievement; today we have many others.

Brands are not limited to products. Groups of people, states, countries, even the geographical origin of grapes in wine — each has a virtual brand. India and Indians, particularly outside the country, are brands like any other.

Brand India signified, for many decades, cheap goods — low cost and lower quality. If today we see a very different perception of India, it is in fair measure because of IT. To overcome this long-standing bias — doubtless based on fact — of poor quality, the industry went on over-drive to meet and excel credible global standards. Thus, beginning some years ago, this country has more IT centres certified at the highest quality level than the rest of the world put together. Today — certainly in IT and, broadly, technology — Brand India denotes quality and top-drawer professionalism. Nasscom itself has become a major brand in the tech world. This is reinforced by institutions such as the IITs and IIMs. Though they may fare poorly in traditional rankings of educational institutions, their fame — particularly in the US — is legendary. In just over a decade, they have metamorphosed Brand India.

A foreign company may feel that its brand will or will not match with an Indian brand. As a marketing professional or a hard-headed businessman, a careful assessment of brand match makes eminent sense. The moot point is whether the brand of the company is, in some sense, a sub-brand of India and — if so — what are the India attributes that are dominant and are they good or bad for the deal? Two extreme examples are probably Nokia and Toyota: in the first case, few laymen would know that Nokia is from Finland, leave alone thinking of it as a sub-brand to the country; in the second case, almost all would know that Toyota is from Japan, and many may consider it so 'Japanese' that it is effectively a sub-brand. This is probably true of Ford and the US too.

For the country, it would be worthwhile to further evolve and develop Brand India. Quality, reliability and dependability are core elements that customers look for; but also for human values such as compassion, warmth, friendliness and integrity. These attributes need to be woven into Brand India. For those who know, India is already developing an extraordinary reputation for its services sector. New sectors may use lessons from the IT sector as they enter the global marketplace and come across barriers — based on reality or bias — that IT has crossed.

The Taj-Orient Express controversy may have more to do with perceptions of low quality rather than race, and it would be best to treat that as the perceptional issue. Though there are many around the world who would swear by Taj quality, strengthening this brand attribute would be good.

Individual companies need to do more to promote their own brand, so as to create a differential value proposition and market segmentation. Apart from all else, brands imply a high entry-barrier and overcome commodification: both vital steps to sustain India's present dominance of the global IT trade. If we can work on both brands (India and Indians), we can create irresistible positioning for India and Indian companies, on which bias or racism will not be able to make a dent. ■

The Taj-Orient Express issue may have more to do with perception of low quality

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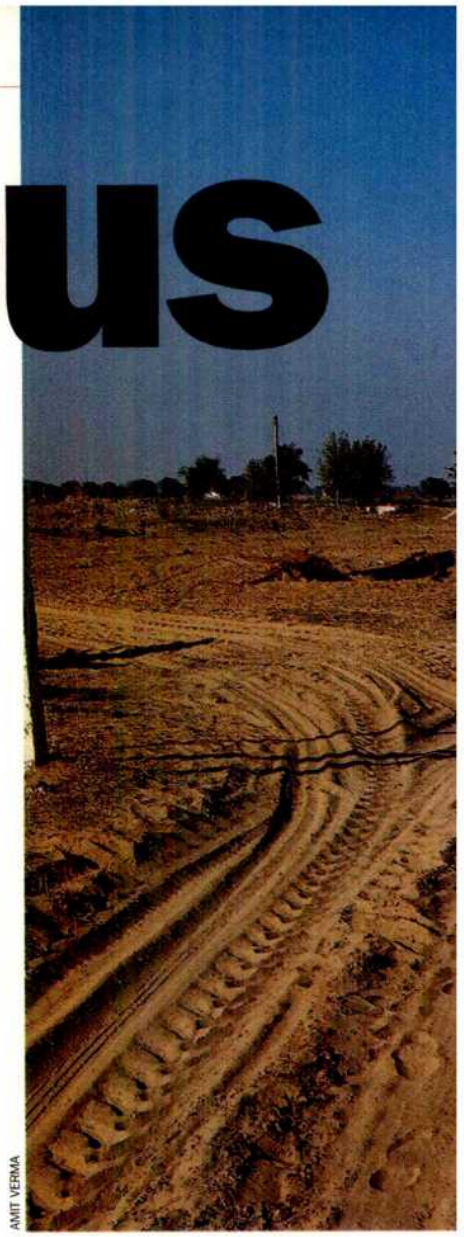
Tenuous thread

Textile SEZs need more than tax waivers to take off. By M. Allirajan


AMIT VERMA

SHIFTING to a special economic zone (SEZ) model seemed like a sound strategic move for Rajendra Hinduja, managing director of Gokaldas Exports, India's largest garment exporter. Hinduja has three-fourths of his business units set up as EOUs (export oriented units), which are easier to start than an SEZ because the former require a minimum investment of Rs 1 crore in plant and machinery while benefiting from a reprieve on the 33 per cent corporate tax rate that businesses in India are required to fork up. By contrast, a lease within an SEZ itself can run into several crores of rupees.

With the government's 'sunset clause' (in the IT Act) ending the free-tax ride for EOUs as of March 2009, the winds of change seemed to favour SEZs, which would still enjoy concessions and waivers. Little wonder that the Hindujas flogged a majority stake of their company to private equity firm Blackstone in August for Rs 479 crore and set their sights firmly on SEZs instead.

Reality is, SEZs may well turn out to be the bane of a host of textile entrepreneurs and businesses, which, like Gokaldas, have decided to jump onto the bandwagon. While textile SEZs have received the maximum number of 'in-principle' approvals (see chart 'A Lot Is At Stake For Textile Majors') in the manufacturing space, many are mired in the quicksand of delayed land acquisitions.

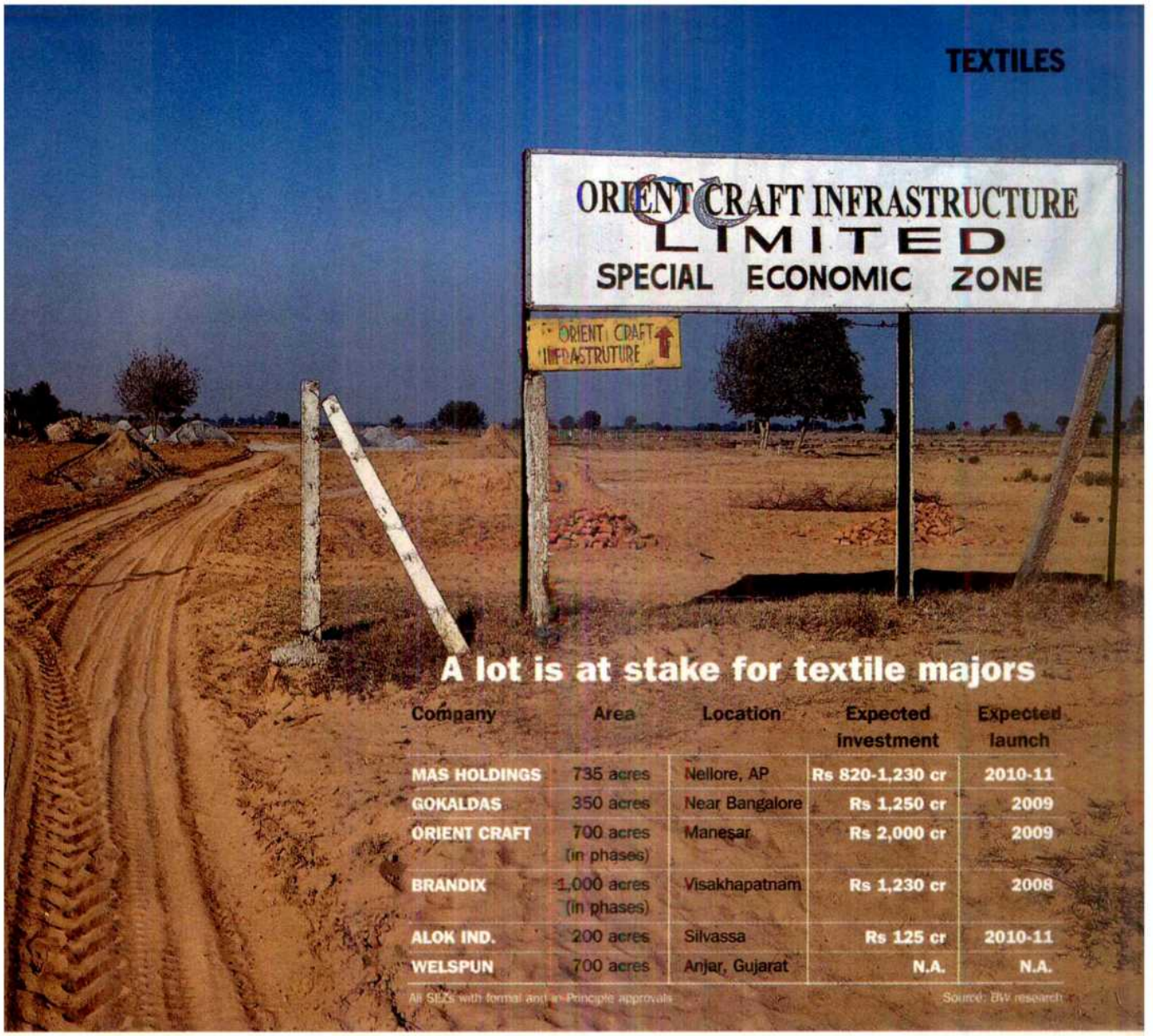
Take Gokaldas, for instance, which received the in-principle approval for its 350-acre textile SEZ project. The company is yet to get the appropriate land. The project, originally slated for a mid-2008 launch, is now not expected to take off before 2009. "It's not easy to set up an SEZ," says a frustrated Hinduja. "There are too many practical difficulties."

Those brave enough to try and acquire land themselves face other hurdles. In one instance, an SEZ promoted by a leading apparel firm found its efforts to buy contiguous land thwarted by just one small plot whose owners were demanding an exorbitant sum of money. Skyrocketing land prices — by as much as 500 per cent in some cases — have further compounded the problem. With land accounting for a third of an SEZ's overall costs, the viability of many of these projects is in jeopardy.

While many are still grappling with land issues, others who are setting up SEZs are finding it difficult to find clients. In most textile SEZs, 25-35 per cent of the zone would be typically occupied by the promoters while the rest is leased out. The 1,000-acre Brandix India Apparel City (BIAC) in Visakhapatnam — set up by Brandix Lanka, a leading apparel exporter from Sri Lanka — has been unable to attract a single Indian firm and has even been scolded by the Andhra Pradesh government for slow progress. To add to its woes, BIAC is also facing opposition from local fishermen since the SEZ's treated effluents will be discharged into the sea.

If this weren't enough to deter a textile entrepreneur, the RBI has classified SEZs as real estate, jeopardising the ability of promoters to raise money. "Nobody is willing to lend to us and even if they do, the interest is almost double that of international rates," says Sudhir Dhingra, chairman and managing director of Orient Craft, which is promoting a large SEZ in Manesar. "The government should make distinctions (between sector-specific SEZs and others) and not impose too many restrictions."

With nobody else to turn to but themselves, some promoters are pumping in their own money for initial investment and land acquisition. The promoters of Gokaldas are pumping in



A lot is at stake for textile majors

Company	Area	Location	Expected investment	Expected launch
MAS HOLDINGS	735 acres	Nellore, AP	Rs 820-1,230 cr	2010-11
GOKALDAS	350 acres	Near Bangalore	Rs 1,250 cr	2009
ORIENT CRAFT	700 acres (in phases)	Manesar	Rs 2,000 cr	2009
BRANDIX	1,000 acres (in phases)	Visakhapatnam	Rs 1,230 cr	2008
ALOK IND.	200 acres	Silvassa	Rs 125 cr	2010-11
WELSPUN	700 acres	Anjar, Gujarat	N.A.	N.A.

All SEZs with formal and in-Principle approvals — Source: BW research

Rs 250-crore into their SEZ project. However, once infrastructure-related work begins, they will have little choice but to opt for high cost debt, which will bleed them.

Is a textile SEZ for everybody? Not really. Fact is, the very nature of an SEZ favours a larger player. Larger companies will invariably be able to offer better salaries and, therefore, attract better talent. A smaller player within the zone will forever dread the prospects of its talent being poached by a neighbour. With the absence of non-compete and anti-poaching clauses within the industry, unlike the IT sector, small companies will tend to stay away.

Filling up SEZ space with the right kind of company is like looking for a suitable tenant in a housing market.

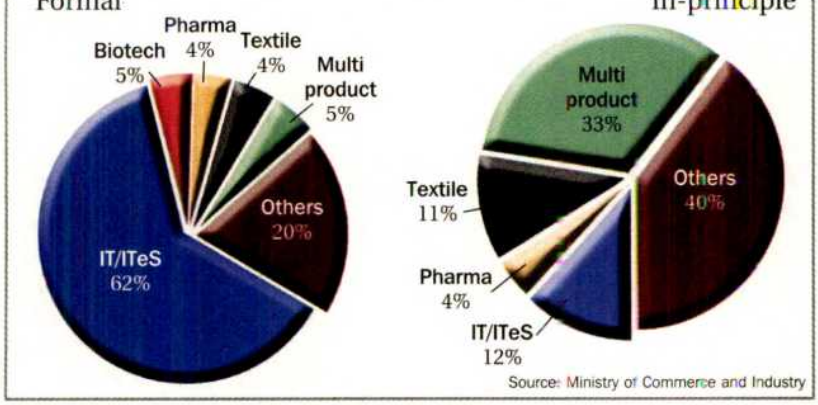
WAITING TO BE BUILT: While most SEZ developers are grappling with land issues, those who have got land are finding it difficult to raise debt

Promoters are loath to open their doors to just about anyone who can pay the rent today, since tomorrow often reveals another story altogether. "We will have to be very choosy," agrees John Chiramel, country director of MAS Holdings, a Sri Lankan garment firm, which is setting up an SEZ in Nellore in Andhra Pradesh. "The zone should have strong players with good brand equity, staying power and experience. Otherwise, it wouldn't make any business sense."

If you are lured towards an SEZ due to its various inherent concessions, you may discover that it was all just one big mirage to begin with. The spectre of bureaucratic hassles reminiscent of the License Raj may still hover above you. For example, though the SEZ policy allows for duty free import of capital goods meant for export, a developer has sometimes been forced to shell out duties for the machinery he imported for his businesses located inside a zone. The reasoning given: the duty was at the port, which does not fall into the category of an SEZ!

To beat the dollar depreciation, companies in an SEZ can import fabric, make garments and sell — all in dollars without attracting any duties. But this takes a lot of time, something that an industry that needs quicker turnaround cannot afford. The import component in textiles in the country is still very low

Sector-wise distribution of SEZs



Source: Ministry of Commerce and Industry

SEZs AND EOUs

A minimum investment of Rs 1 crore in plant and machinery is required for an export-oriented unit (EOU). SEZs have to pay entire duties if they sell in the domestic market. EOUs can sell up to 50 per cent of the freight on board value of exports in the local market on payment of 25 per cent basic customs duty.

EOU has a 'sunset clause' that offers tax benefits for 10 years. There is no such clause for SEZs. The SEZ can enjoy full tax benefits for the first five years, 50 per cent of the profits are exempted for the next five years and in the next five years, if profits are ploughed back, half of those profits are taxed .

SEZs are exempt from minimum alternate tax (MAT). EOUs have to pay 10 per cent of book profit. MAT paid for the following two years would be available as credit against tax liability of the subsequent five years. MAT can be claimed as credit against normal information technology paid for seven years.

A minimum of 250 acres (125 acres if the SEZ is in union territories) is required to set up a textile SEZ. However, there are no specific area requirements for EOUs.

and the scope for incidental gains from imports is quite limited.

Still, despite the gloom and doom surrounding the prospects for textile SEZs, its chief attractions — exemption of corporate taxes, all indirect taxes and state levies — keep attracting promoters who feel that the savings rate of 20 per cent of all costs is significant enough in an industry where margins are only 10-15 per cent. "Textile is mostly an export story, so setting up units in such zones makes sense," says Sunil Khandelwal, chief financial officer of Alok Industries. According MAS' Chiramel, SEZs would be operationally much more efficient given the scale, savings in common infrastructure and taxes.

And many who have been lucky enough to receive state government allotted land have fared considerably better than the rest of their peers. MAS, which is setting up a 735 acre SEZ at Chintavaram near Nellore in Andhra Pradesh, has acquired land which is at least 30 to 40 per cent cheaper since it is in a backward area and entirely government-owned. "Selecting the right location for the project is the key," says Chiramel. "Opting for a state where the government supports you with land and other facilities is absolutely crucial."

SEZ enthusiasts also point out that the cost of power would be considerably cheaper in these zones. MAS estimates that the unit cost for firms in its SEZ would be 7 cents, compared to 14-15 cents charged outside the zone and around 9 cents in Sri Lanka.

However, simply focusing on the financial advantages of an SEZ can be a major blunder for textile companies and more likely to sound the death knell of the entire initiative. Indian labour productivity, for example, is among the lowest; an operator here makes 10-12 pieces in an eight-hour shift compared to the 20-25 made by competitors such as Sri Lanka and China. Orient Craft's Dhingra feels that in order to even begin to be competitive, SEZs should be able to address all basic needs of workers such as education and housing. "SEZs are not just about financial incentives. If other needs of units are not addressed they would not come to these zones."

Dhingra says that this can be done by locating the workforce within the zone and providing them with all the necessary facilities. In fact, some textile units in the south have been able to enhance labour productivity significantly by having a residential workforce. However, whether this can be done on a large-scale basis remains to be seen. "Without social infrastructure none of the SEZs will succeed," says Dhingra.

The introduction of the 'sunset clause' has hastened the demise of EOUs. Though exports from EOUs have been growing, textile exports from these units, at around Rs 9,000 crore, accounted for only one-eighth of all textile exports in 2006-07. The share of exports from EOUs, whose exports should be growing at a much faster clip than the industry due to their many advantages, has remained flat. This is because EOUs take longer time to gain traction.

Despite this, the export promotion council wing of the Commerce Ministry is pushing for the removal of the sunset clause for EOUs. L.B. Singhal, director-general of export promotion council, wants EOU benefits to continue. "EOU offers a lot of flexibility for investors." He says both textile SEZs and EOUs can co-exist, catering to the diverging needs of their adherents. Textile EOUs, for example, could appeal to those who need to be smaller and flexible while textile SEZs could attract those who favour reduced costs due to common infrastructure and economies of scale.

On the one hand, the sunset clause in EOU is driving companies to set up SEZ, but on the other, a key government department wants benefits in EOUs to continue. The conflict continues. ■

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by invitation

srinivasa bhat a.

Srinivasa Bhat is a management consultant specialising in innovation research and brand management. He can be reached at: srini@innovationprojects.com

Deccan plateau for Kingfisher

AIR Deccan is now just Deccan, red and flaunting Kingfisher as its mark. That's brand extension sans the name. I see in it a practical case that can make a 100 marks question paper on 'Brand Management' with just one misleading question. What and how do the brands gain? Branding is widely known to help long-term sales and profitability. But it is not as well known that inept branding can misguide strategies and operations with long-term negative impact. At the UB group, mating Kingfisher and Air Deccan is a twin brand task. For Air Deccan it is about change in identity. And for Kingfisher, it is an extension.

In buying Air Deccan, what did the UB group buy — a business or a brand? Was the old name a drag? Is the new one a drive? What value attributes of Kingfisher can charge up Deccan? Wouldn't the Kingfisher logo raise the expectations of the Air Deccan clientele beyond the feasibility of the business model? Isn't the price gap too thin to price in between and position the airline on that? Premium low cost — does it not defy positioning principle? Can Deccan contribute reverse value in enhancing the brand equity of Kingfisher? Can it at least sustain its value? By stretching Kingfisher on to Deccan, wouldn't the brand lose its potential to make good with most appropriate extension opportunities? The branding is all fine if only the answers to all the above questions can be positive. They are not — none really.

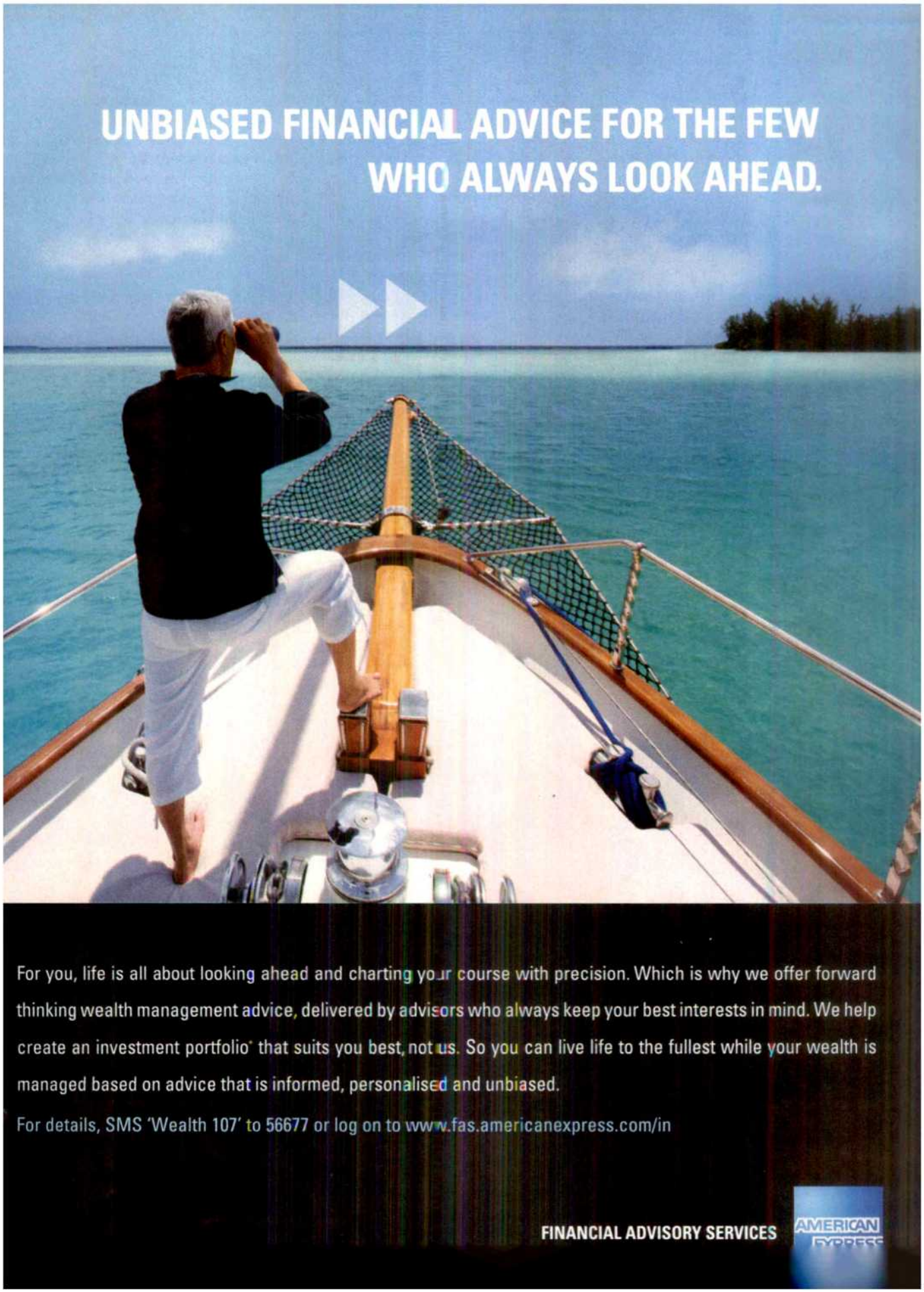
Most branding mistakes happen due to ignoring simple questions. That's what happened with Indian, which jumped questions and asked the advertising agencies for a new name — to change its image. Ad agencies in India haven't really matured enough to address such invites with a one-word advice — don't — and ask to be paid for it. Helplessness in trying on a non-work invariably shows up in the suggestions that emerge. Clipping a word off from Indian Airlines and Air Deccan has rendered them rather awkward. 'Simplifly', the one-word unbeatable slogan that says everything the new four-word slogan — Premium low-cost airline — says and more could not be discarded. But why another slogan?

UB group's de-branding is the result of near-focus contemplations on certain business issues such as permit to fly Kingfisher abroad and some quick-take competition strategies. Solutions to business problems can surely come from hearing out the brand commands, but seeking them by changing the fundamentals of the brand can only render the business without the prime source of long-term direction. Air Deccan had become a brand of definite potential moving in first and scaling up fast, which belittles its large money drain. And Kingfisher, despite branding mistakes, remains even today immensely potential. Brands that attain certain stature happen to be too resilient to be harmed by a bit of undoing.

Today, both the brands have been made to bear each other's skin — which can only limit their potential to yield. As brands, both airlines vary widely on the terms on which they would yield. Air Deccan could have become a big non-extendable brand on being successful in low-cost flying. Kingfisher, as a brand, can make quite a few businesses that match its personality and style. Low-cost flying is about mass flying, lower margin, operational efficiency, multiple investors and, essentially, low cost. In contrast, Kingfisher is essentially pomp, pamper, and more. Low cost will click but not for Kingfisher, not even indirectly and not without loss of brand equity. The loss, mostly in terms of opportunity cost, in the misplaced opportunity would be very small compared with the loss in its brand equity in making good from opportunities that belong to it.

Kingfisher ventured in with the low-cost intent, started off with just the Kingfisher class, added first class and now flies a low-cost carrier, too. The contradictions in the fundamentals have flowed down in the methods, strategies and even in the ads for Kingfisher Airlines. ■

Low cost will not click for Kingfisher, not even indirectly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RAMESH D's office on J Tata Road, near Churchgate, in Mumbai, is an exercise in luxury. An intricately carved mahogany desk, French windows through which you can see the Bombay Stock Exchange building, a balcony overlooking the 'Queen's Necklace' — as Mumbai's Marine Drive is known — and silk curtains cheek by jowl with family pictures and idols of sundry Hindu gods made of silver perched on shelves. And if you spill your strawberry milk shake — no coffee or tea, thank you — when your gaze comes to rest on the wall behind Ramesh's desk, you could be forgiven. On it is a shelf lined with a collection of gold bricks — yes, that's right, gold bricks. Every time Ramesh makes a certain profit on his stockmarket bets, he adds a gold brick to his shelf.

Ramesh's friends who work on Dalal Street have different kinds of peccadilloes. One of them puts his money behind television serials. Everyone also buys insurance — the bigger the gains, the higher the coverage they buy. This is the new definition of cool among Dalal Street's stock broking fraternity, including among those who work for the large brokerage houses.

The money being made as a consequence of the amazing rise of Bombay Stock Exchange's (BSE) Sensitive Index (Sensex) has created millionaires galore. A lot of it is paper money — driven by astronomical valuations of companies set up by entrepreneurs — that is akin to hard currency. Many high net worth individuals, including senior company executives, have also made pots of it. ICICI's private banking and wealth management business is said to have over a hundred thousand such people on its client list.

And then there are those who make

The money made on the market is finding different uses

Getting it, flaunting it

India's new millionaire class is figuring out how to spend its market gains.

By Srikanth Srinivas and Puja Mehra

their living on Dalal Street and its environs. So how are these folks spending it? Depending on where they live, a number of trends are emerging, some outlandish, some flashy, and some conservative. Spending patterns display a range of types, driven by culture, preference and temperament.

Flashing It

Here's what they are not spending on — flashy convertibles and hot rods. And no one is going for those easily recognisable and personalised license plates either. Yes, they are buying Mercs and BMWs, but the more conservative models. These folks are superstitious too — they remember the late Harshad Mehta and his ostentatious silver Lexus, and the attention that his bravado drew; they also remember Ketan Parikh's equally ostentatious Cadillac. Today's stockmarket millionaires would rather stay under the radar (most of them we spoke to preferred to remain anonymous. In a few cases, we have used aliases).

In many cases, observers say, these new millionaires have no idea about how to spend the money they have made. Most Gujaratis and Marwaris in Mumbai are culturally conservative, not given to ostentation and flash. So they give gifts — from expensive watches to even swanky apartments to Bollywood starlets — a common form of indulgence for some; understandably, the givers are reluctant to talk about it.

A hush-hush rendezvous at a weekend getaway bungalow in Mandwa near Mumbai, or holidays on remote islands around Singapore is another popular way with them to beat the stress emanating from the ups and downs of the Sensex. Down South, however, such behaviour is almost non-existent. Cultural norms could be one explanation for the conservatism. People still treat it as paper money, not real money, and are cautious about spending it.

For Kiran S, a housewife in

EXECUTIVE SUMMARY

- The money being made as a consequence of the rise in the Sensex has created millionaires galore
- These millionaires are splurging it on property, expensive vacations, entertainment and buying more shares

New Delhi who will not let us use her last name, stockmarket riches are a chance to indulge in her favorite passion: jewellery. She has a particular penchant for original Basra pearls — those fished off the coast of Iraq, but which since the late 1980s, the time of the Iran-Iraq war, are extremely rare. Using her jeweller network, she acquires them singly and in small sets from London, Beirut and other places.

Not all indulgences are as adventurous as that, however. Some folks choose other forms of adventure to ease the stress of money-making. Mrugank Sanghvi, a sub-broker with a National Stock Exchange broking firm, Jagvin Investments, has been active in the stockmarket since Harshad Mehta days. He is an avid cricket buff, who now-a-days spends a considerable amount of his time after trading hours on the cricket field, but not as a player. He's studying to be an umpire for cricket matches.

"A year ago I did a course in cricket umpiring at the Mumbai Cricket Association, and (now) I even take the occasional liberty on a trading day to go out and umpire at official Maharashtra Cricket Association inter club games, even inter school-college games," says Sanghvi. He also plays a few Saturday afternoon games for Willingdon Club and Sunday games with his school alumni.

To Buy Or Not To Buy

But conspicuous consumerism is strangely absent. Just take a walk around the high-end malls in Mumbai, and luxury stores are still doing only moderate business. Storeowners in the Atria Mall in Worli told *BW* that the customers who frequent their shops are the regulars: there are no nouveau riche buyers who may have made money in the stockmarket's recent accelerated boom.

Take home furnishings. Welspun, a retail brand, has two segments: a middle-income one called WelHome, and Spaces, the high-end version. "Most people we sell to are young, salaried, white-collar workers, the average age could be 27 years, part of the salary boom story," says Deepali Goenka, managing director of Welspun Retail. "Spaces is based on aspirations of the richer consumer, and has seen a steady growth, but not as big a rise as in WelHome."

"Consumers have good knowledge of products, and refined preferences," says Rajeev Bhagataykar, client solutions associate director at ACNielsen. "But they are confused with so much choice. The Indian consumer market is yet to mature." But spending on exotic foreign travel has gone up, he says.

Imagine taking the highest train journey in the world — from Beijing to Lhasa, a trip at over 5,000 metres above sea level, which takes 48 hours and a route inaugurated just in 2006. Last year, Sanghvi took time off to make this trip, flying to Beijing and taking the train to Lhasa from there. "Obviously, the market returns made it possible; otherwise it would have been unaffordable," he says. On his return, Sanghvi even wrote an article for a competition on travel writing in a national daily.

But most of the money made in the stockmarket is going back to make more money — whether it be in the stockmarket itself, investments in structured products, or in real estate, both commercial and residential. "Even those who have cashed in a part of their gains have stayed in the market," says Anup Bagchi, an executive director at ICICI Securities. "Others have invested in structured products that protect principal, with a percentage of gains from participation."

Keeping It In The Counting House

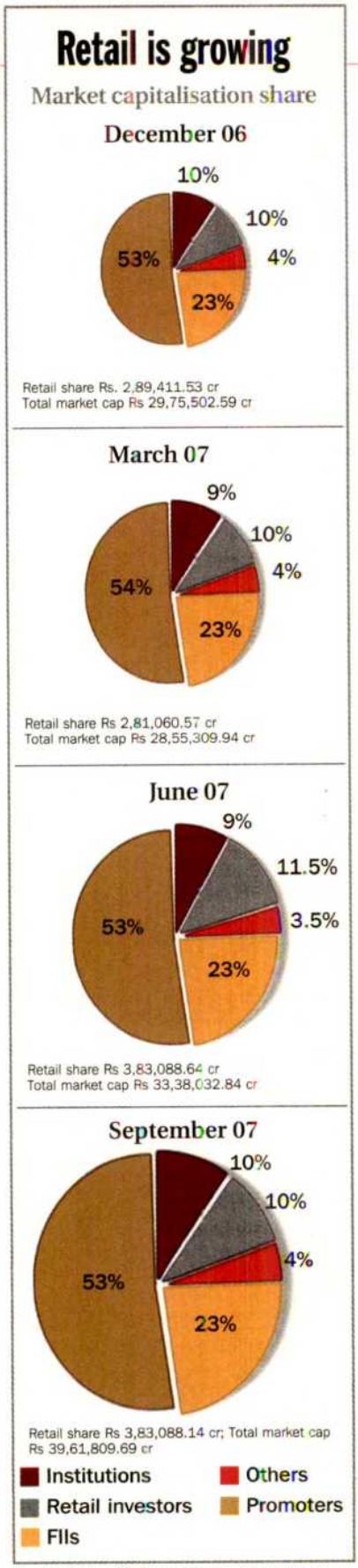
The stockmarket is such a draw that even those in other businesses are buying National Stock Exchange brokerage firms, and using them to make trading profits. Often the trading profits are higher than those made as part of their regular businesses.

Take the case of a real estate developer in New Delhi. The promoters, directors and senior executives have set up a full-fledged treasury in the basement of their office. Which also helps explain the close correlation between stockmarkets and real estate. But more on that later.

The new stockmarket millionaires fall into three categories: those entrepreneurs who have made money from taking their companies public through initial public offerings (IPOs) or benefited from selling a stake to private

Retail is growing

Market capitalisation share



The data is for BSE 200 companies. Others include government and non-promoters' corporate share
Source: CapitalinePlus and BW research

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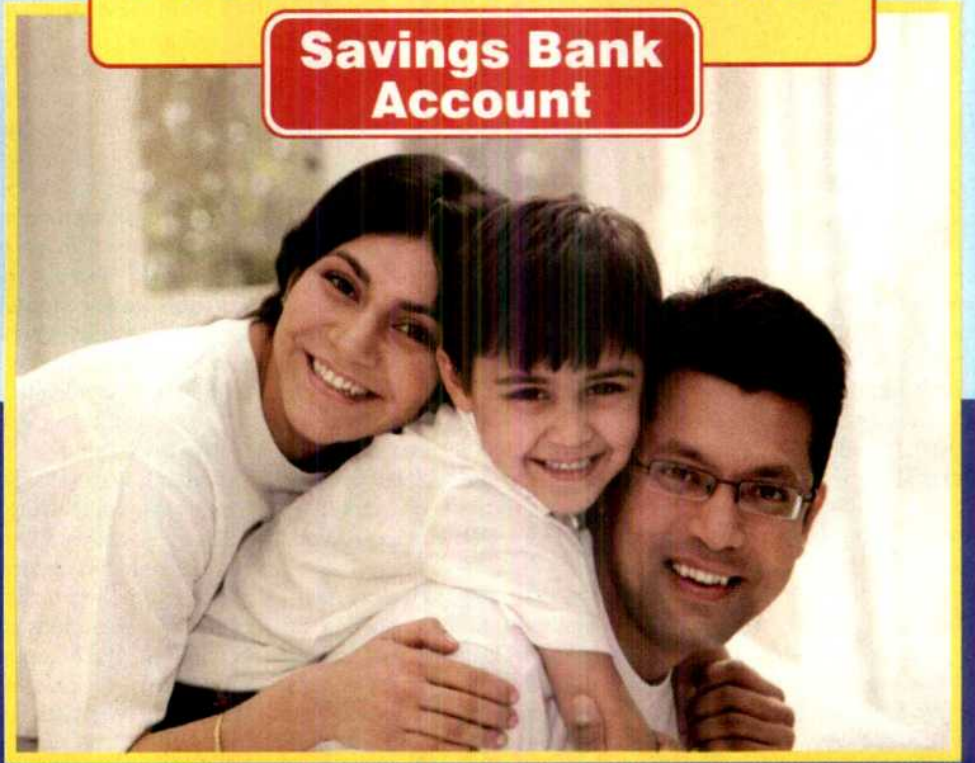

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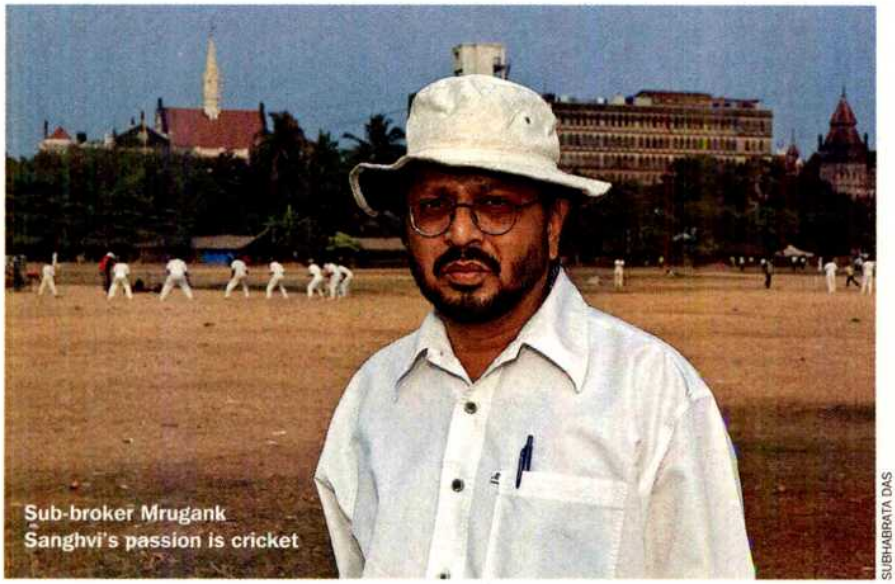
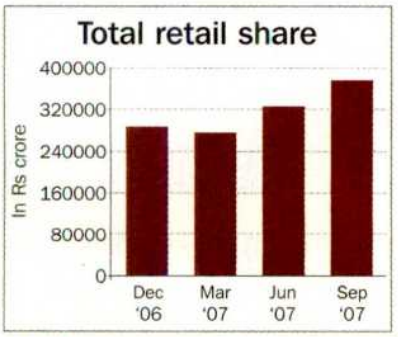

Sub-broker Mrugank Sanghvi's passion is cricket

SUBHABRATA DAS

equity investors, those who have grown wealthy from cashing out their employee stock option plans (ESOPs), and those who have cashed out capital gains from the growth in stock portfolio value.

Here's a typical product — called capital-guaranteed products — which Bagchi is talking about. Say, you have Rs 100 of capital you made by selling part of your portfolio. You buy a deep discount bond that will become Rs 100 in five years for say Rs 60. In essence, in five years you still have your Rs 100 of capital. You use the remaining Rs 40 to buy a participation in a fund that is used to trade stocks, which entitles you to, say, 70 per cent of profits. If the Rs 40 becomes Rs 80, you get to keep Rs 28 (70 per cent) of the profit, and the manager gets to keep Rs 12. So in five years, you get to make Rs 168, which is a nice tidy sum. You bought yourself protection for your principal and a participation in the performance of the stockmarket.



Total retail holding in terms of market capitalisation for BSE 200 companies
Source: BW research

Rakesh K works at a broking firm on the National Stock Exchange; he has a genius for picking a good stock ahead of the broader market, often of a company which is usually under the radar of most analysts and stock-pickers. His friends, colleagues and clients will tell you that his picks are almost always backed by solid fundamentals and a sound investment idea.

Now, he is turning that talent to picking unlisted companies, and using the money he makes from his stock picking successes for providing capital in cases where the company is about a year and a half from going public. Often, he also puts money into startups. "It is good practice," he laughs. "I give myself a free stock-picking education, sort of, and possibly make money some day from them."

From medium-sized sub-brokers to the big fish fund managers, everyone is buying up real estate, both commercial and residential.

A private equity portfolio manager for a top fund bought a five-bedroom flat in South Mumbai, doing up each room thematically: one room per continent. Real estate brokers report receiving inquiries for high value properties running into tens of crores of rupees. Rakesh Jhunjhunwala — one of the largest investors in India — is rumoured to have bought a Rs 50-crore apartment in Mumbai's Walkeshwar area, something he refused to confirm or comment on. Well, if you were wondering why property prices in Mumbai have not fallen in the face of high interest rates, now you know.

Monarch Of The Land I Can Survey

Real estate investments are not restricted to the metros either. Where developed property is not available, people have been buying up land. "Over the last two years, two asset classes, equity and real estate, have outperformed other investments," says Anurag Mehrotra, head of wealth management at Edelweiss Capital, a Mumbai-based securities firm. "Importantly, investments in real estate have moved in to Tier II cities, though 80 per cent of the buying in real estate is leveraged." Because, he says, those who have invested in stock three years ago have seen their investments rise by multiples of four. In a few cases, the new millionaires have even bought real estate in London, not exactly the cheapest market in the world.

Other investors targeting purely financial gains are buying into commercial real estate; with high demand for commercial space in the face of a growing economy, new businesses and foreign players in various industries coming in, the lease rentals from such properties can be phenomenal.

What happens if the current upward momentum on the stockmarket declines?

Not too many are worried. Thanks to the performance of his portfolio, someone like Sanghvi of Jagvin Investments has now de-linked his future from the daily panics or thrills generated by the market's gyrations. He has a house in Pune which he rented out earlier to augment his income. But a year ago, he cancelled the lease agreement on it; now he uses it as a weekend getaway for his family.

His sights are set on something else: passing the umpiring examination. "The passing grade in the written exam is 80 per cent," he says. "It's the most difficult test I have ever taken by a long shot." Maybe he'll do as well here as he has in the stockmarket. ■

With inputs from Rajesh Gajra and Vishal Krishna

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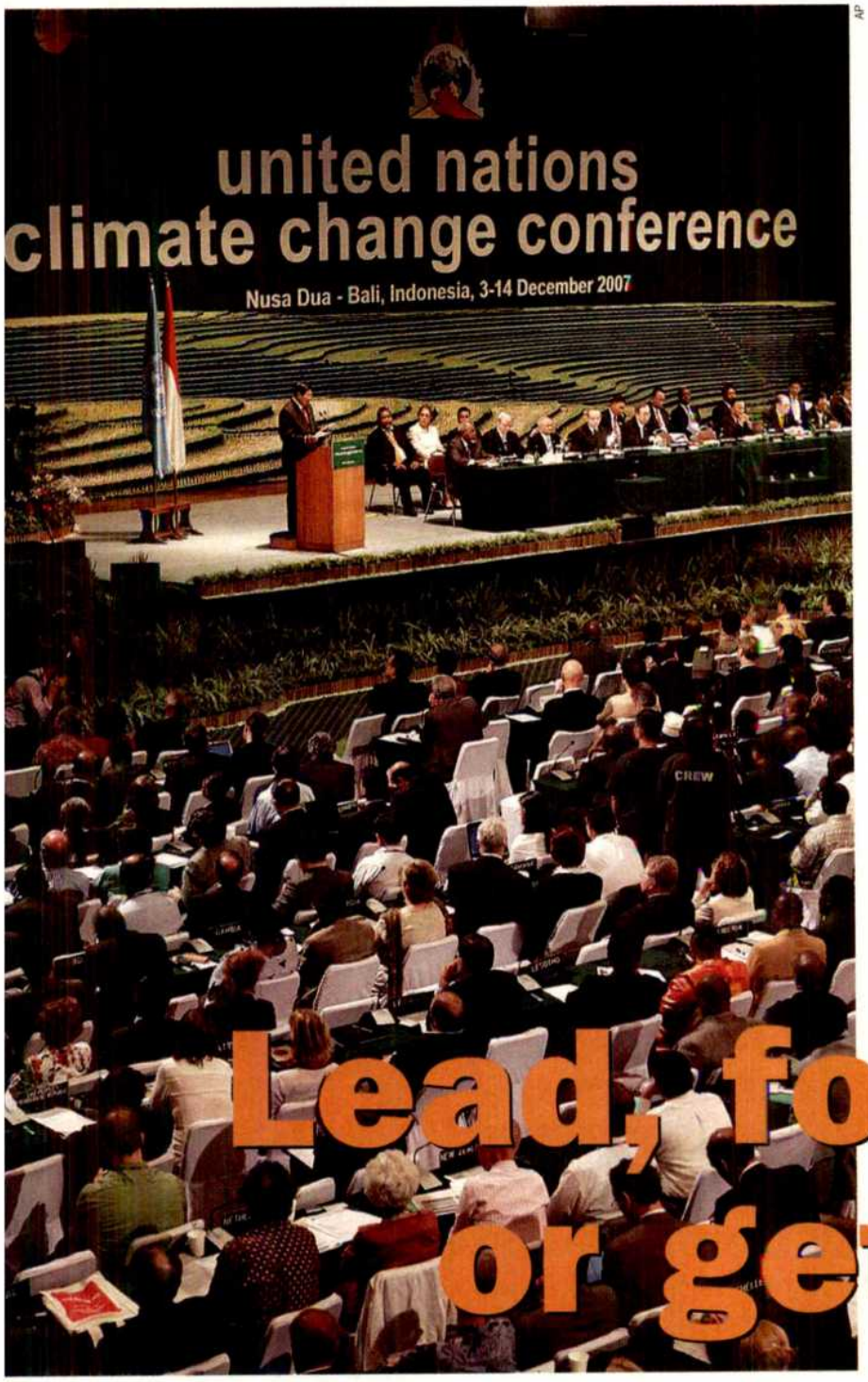
ENABLING COMMERCIALIZATION

Lead, follow, or get out

An inside look at the people and their intense exchanges as a roadmap to save the planet was drawn up at Bali. By Nadaa Taiyab



AP

WHY has India taken a defensive posture and why has it been quiet and not supportive of the overall goals of the convention?" asked Navrose Dubash, lecturer at Delhi's Jawaharlal Nehru University, of a panel of Indian delegates, which included India's Minister of State for Environment and Forests, N.N. Meena. Former Ambassador and fellow at The Energy and Resources Institute, Chandrashekar Dasgupta, shook off the criticism with a broad smile, "I am delighted to hear we are quiet...usually we are told we are excessively vocal!" Malini Mehra, head of Centre for Social Markets, an Indian NGO, had a more scathing explanation. "The bureaucrats informing this process have a bunkered and defensive mentality," she said.

India's position has been consistent for the past 15 years: the subcontinent cannot take on any commitments, even voluntary ones. As a developing country with over 400 million people without access to electricity, India cannot mitigate because it must develop first. According to S.P. Sethi, principal energy advisor to the Government of India (GOI), the subcontinent's energy costs are among the highest in the world and its industrial energy efficiency levels, equal to Japan.

The US' position is equally extreme — it refuses to take on binding emission reduction unless India and China do so as well. China has softened its position on emission targets, saying developing countries should do more to reduce growth in their emissions. The Europeans are the most willing to call for deep cuts and accept that the developed world bears historical responsibility for causing climate change, and that it must be

the first to reduce emissions. Canada and Japan are on a fence as they both struggle to meet their Kyoto targets.

Developing countries have taken a bloc position called the G77 plus China, represented this year by Pakistan. On top of their agenda is funding for adaptation to climate change, technology transfer and mitigation, which they say must come from industrialised countries. The Small Island Developing States, such as Tuvalu and the Maldives, are vocal in their demands for deep global emission cuts as these nations may be submerged by rising sea levels. Interestingly, climate change negotiations seem to bring India and Pakistan closer, with both supporting the same side. When asked about the Indian position, a senior Pakistani delegate exclaimed, "I can't spy on them. They are my friends!"

Heal The World

The science behind climate change and the urgent need to reduce emissions are no longer in question. The often acrimonious international negotiations are a struggle over who should reduce by how much, and who should pay for it.

In the first week and a half of negotiations, delegates painstakingly debated issues such as the creation of an adaptation fund, the need to simplify the clean development mechanism (CDM) process, and review the implementation of the Kyoto Protocol. The creation of the adaptation fund was an early win. However, the developing countries' demand to create a technology transfer fund was blocked by some industrialised nations. Instead, an expert group will continue to conduct assessments of technology needs. Decisions in the negotiations are taken by consensus, which gives each of the over 190 participating nations a veto over the final outcome. As the charismatic lead negotiator from Papua New Guinea put it, "This leads to the lowest common denominator decisions."

NGOs and the press played an important role in monitoring and influencing the process as well. Press conferences continued all day long. NGO observers rushed about busily, whispering in the ears of country delegates, gathering information and writing press releases to send back home. In the hallways, organisations set up a maze of booths to give out free copies of their research, and the occasional freebie to lure visitors to their table. At another beach resort close by, dozens of panels assembled to discuss the latest thinking on every imaginable topic related to climate change — from the nuances of carbon markets to the plight of the forest peoples of the Brazilian Amazon. More than 10,000 people from delegations representing over 190 countries, observer NGOs and global media, attended the Bali Summit of the United Nations Framework Convention on Climate Change (UNFCCC).

The Other Side Of Midnight

At 2 a.m. on the final night, the conference centre was an anxious buzz of activity. The open plenary session had been suspended many hours ago as ministers, who only attended the summit during its final days, met behind closed doors. Crucial decisions were finally taking place. Holding out till the last minute is standard procedure.

In the café, delegates drank coffee or slumped over chairs for a snooze, tired after nights of sleep deprivation. The press waited steadfastly, ready to attack as soon as the doors opened. The Caribbeans played music and drank rum in the hallway to pass time. Others enjoyed drinks by the beach, caught up with old friends, and watched a meteor shower. Finally, the ministers streamed out. A deal had been reached! The plenary would meet the next morning at 8 a.m.

The previous night, many had been moved to tears by Al Gore's stirring speech. He stated in no uncertain terms, "America is primarily responsible for obstructing the negotiations." He appealed to nations to take up leadership and move forward, leaving an empty space where the US could come back to

POLAR POWER: Environmental activists hold demonstrations at the 13th conference of the UNFCCC

the table as a constructive partner once the Bush administration had departed. His statements were not without basis. Just the week before, the first proposed federal legislation on climate change, which would reduce US emissions to 1990 levels by 2020, had come before the floor of the American Senate for debate. According to American NGO Environmental Defense, "It is very likely that the US will enact an economy-wide cap in the next 18 months."

Cliffhanger

The final showdown between the US and India took place on the morning of the final day of negotiations. The Chair, also the Environment Minister of Indonesia, introduced the draft text hammered out by the ministers the night before, calling for binding targets on developed countries, without specifying a range, according to their, "national circumstances." Developing countries would be required to take "measurable, reportable, and verifiable nation appropriate mitigation actions in the context of sustainable development supported by technology and enabled by financing and capacity building".

On behalf of the EU, Portugal spoke first and accepted the text. When it was India's turn next, in a refined British accent, the Indian Minister for Technology calmly asked that "measurable, reportable and verifiable actions" be placed at the end of the sentence rather than at the beginning. This change in word order would tie developing country actions more closely to compensation and technology from the West. The deal was once again balanced on knife's edge.

Then Pakistan, representing the G77, supported the proposal. Portugal accepted the changes on behalf of the EU. Bangladesh, Pakistan, Tuvalu, the Maldives, Costa Rica, Switzerland and many others rose and spoke in favour of the changes. A tense hush came over the room when the US took its turn to speak. In a firm and measured voice, Paula Dobriansky, a senior US diplomat, stated, "The US cannot accept this formulation because it does not reflect the balance that many of us have worked for in the past week." The audience erupted into boos and hisses.

Country after country raised its voice to condemn the US. The Indonesian President urged delegates that "the alternative to a breakthrough is not acceptable" and that "it would be a shame if the fate of the world's climate broke down over wording". UN Secretary General Ban Ki-moon asked delegates not to risk what they had achieved so far and betray the planet and its children. Japan agreed, but cleverly did not support or oppose the changes proposed by India. Canada and Australia were conspicuously silent. The delegate from Papua New Guinea bluntly told the US that if it was not willing to lead, "then please get out of the way".

NOW OR NEVER: Dutch Environment Minister Jacqueline Cramer holds a poster at a campaign event against climate change at the venue

During this time, phone calls from the White House were apparently made to the delegation ordering them not to break the deal. Dobriansky spoke again and claimed that after hearing so many expressions of commitment from developing nations, she would, in the spirit of cooperation, accept the consensus. India and the developing nations had won the showdown. Everybody cheered and celebrated. The countries of the world now have a roadmap calling for an agreement on the actual targets and reductions to be decided upon by the end of 2009.

Till We Meet Again

With its enormous population, 8 per cent growth rate and tremendous vulnerability to the impact of climate change, India has a huge stake in ensuring that this global deal is both strong and equitable. Several NGOs and academics are asking India to re-think its position in international negotiations. A PhD candidate at ANZ University noted that the situation is different now from 1992. "Developing countries are much richer. China and India cannot retain their same position." Mehra of Centre for Social Markets demanded that India take a positive leadership role on the international stage and create a democratic consultative process on climate change policy.

K. Srinivas of Greenpeace India argued that India is not "playing its cards right" in the negotiations. Domestically, India is taking significant steps to promote renewable energy and energy efficiency, yet on the international stage India does not effectively showcase its effort or make any commitment to reduce the carbon intensity of its growth.

Furthermore, a Greenpeace study titled 'Hiding Behind the Poor', challenges India to walk its talk domestically on climate justice. It demonstrates that the national per capita CO2 emissions should not be the basis of Indian climate politics because the emissions by India's own middle class are many times higher than that of India's 800 million poor. The emissions of India's rich are also higher than the global sustainable per capita average that the GOI insists the world converge upon. Consequently, India must both pressurise the developed world to cut its CO2 emissions and aggressively de-carbonise its economy, so that more of India's poor can join the middle classes without threatening the viability of the planet. As the planet heats up, so will this debate. Until next year in Poland. ■

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a.m. godbole & michael j. mccord

A.M. Godbole (top) is an executive assistant at A.V. Rajwade & Co. These are his personal views. He can be contacted at godbole-aniruddha@yahoo.com

Michael J. McCord is the founder and president of The MicroInsurance Centre (www.microinsurance-centre.org)

Accessing microinsurance

INDIA'S insurance penetration rate (total premiums to GDP) is only 4.7 per cent versus the world average of 7.5 per cent. The MicroInsurance Centre noted in their paper "The Landscape of Microinsurance in the World's 100 Poorest Countries" that only about 3.4 per cent of those living in India, on less than $2 per day, were identified as accessing microinsurance. This is better than the average of 2.3 per cent for the rest of the 100 countries, yet still very far from satisfying the needs of this market.

Insurers are required to develop, offer and sell products to the 'social' and 'rural' sectors. Many insurers have accepted the quota requirements as nothing more than a requirement of licensing to do insurance business in India. This has resulted in some quality products and innovation, but most for this market have little value to low-income families or anyone else. These quotas create market distortions with under-pricing, limit the expansion of an insurance culture, and distract some insurers from their core business market.

The well-intentioned quota system has significant inherent problems in requiring the private sector to target especially a certain market segment when its infrastructure, mission, and management focus is on other markets. One mechanism that would promote the expansion of good microinsurance while still mandating expanded access would be the use of microinsurance credits (MCs).

Insurers could have targets for different insurance products considered relevant to the priority sectors, similar to the way they do now. One could determine that life insurance sold to members of families within the definition of the social sector, for example, would earn a certain value of MCs. These would be used to satisfy the company's own quota. Any surplus credits could be sold through a formal structured mechanism to other insurers that do not see the microinsurance market as an area of strength for them. In this manner, the insurers who see this market as a business opportunity will be further incentivised to expand their business within this market with good quality products and services, which add value to the risk management strategies of low income families. Those who see this as a cost of doing business can simply buy surplus credits from others.

Penalties must be enforced for insurance companies not reaching their targets or failing to buy the relevant number and type of MCs in time. There could be different types of MCs corresponding to sub-targets in various types of insurance products relevant to low-income families. The MCs would expire after a year, since the targets are valid for one year. Commodity exchanges could be the marketplace for MCs — thereby enabling a very low-cost, reliable and efficient way of managing them.

The intrinsic value of an MC would be determined by the additional cost of acquiring/retaining a poor customer in comparison to other non-poor customers, per rupee of premium earned. A forward market in MCs will help insurance managers focus and plan better. This will help build an enabling environment, which has incentives for developing new delivery models that would not exist otherwise. At the same time, it would keep insurers out of the market if they are not serious about entering with client responsive and business focused products.

If subsidies are inevitable, the government can intervene in the market by buying microinsurance credits. This would push the prices of microinsurance credits up and make the priority sector a more profitable business proposition. Subsidies should be utilised for those they are meant for and not for subsidising the inefficiencies of insurance companies.

The MC model is a logical step to continue the positive work already done for the capacity building and self-sustainability of low-income families in India. ■

Micro-insurance is the logical step to capacity building of the low-income group

THE PARK HOTELS

AMONGST TOP 12 GREAT WORK PLACES AROUND THE WORLD

The Park Hotels is the winner of 2007 Gallup Great Work Place Award, by the Gallup Orgnisation USA. At a glittering ceremony held at Washington DC on the evening of 11th June, 2007, the award for The Park Hotels was received by Vijay Dewan, Managing Director, The Park Hotels.

On this occasion, Mr. Dewan said, "The Park Hotels' record of commitment to creating an engaged culture both for customers and employees in a past few years is a great success story. This award is the recognition of the team's continuous efforts to be world class. My congratulations to each and every member of The Park Hotels family for making this great achievement possible."

The Park Hotels across the country thrives on a great performance culture and is rated at the top of the list of great places to work and have fun by its young, motivated, dynamic team of employees. The company works consciously to encourage personal development and training for each and member on its team.

The Gallup Great Workplace Awards are based on the most rigorous workplace research ever conducted. The 12 award-winning organizations were evaluated by a panel of workplace experts. The Park Hotels is among the winners because their results demonstrate they have one of the most productive and engaged workforces in the world. Gallup Organisation USA nominated The Park Hotels as one of the less than 20 clients for Gallup's inaugural Great Workplace Award for employee engagement. The Park Hotels achieved a Grand mean score as high as 4.21 against a qualifying score of 4.15.

"Studying more than 10 million employees worldwide allowed us to set an extraordinarily high bar for this award," said Tom Rath, who leads Gallup's Workplace and Leadership Consulting practice. "The winners have gone far beyond just offering nice perks and benefits. They have created an environment that truly engages people every day, throughout the organization."

The process involved a detailed application with strategies and best practices at the hotels and was reviewed by an eminent panel of judges before they selected The Park Hotels as the only award winning company from India. Indian companies qualifying for this award included Taj Hotels. Other international nominations included Lexus, Marriott Vacation Club International, Hampton Inn, Ritz-Carlton, Wells Fargo and many others. And winners include reputed brands like Starbucks, Wells Fargo, Marriott, Campbell's, Winegardner & Hammons.

About the Gallup Great Workplace Awards

The Gallup Great Workplace Awards recognize the best-performing workforces in the world. Applicants' results are compared across a workplace research database comprised of millions of work teams in more than 100 countries. A panel of workplace experts assesses the applicants' results to select the winners.

The physical award's weight and design equal the merit of the winners' accomplishments. To create the award, Gallup designers collaborated with R.S. Owens & Co., the company that produces many of the world's most prestigious awards, including the Academy Awards. The award consists of two components. The top design features 12 etched crystal planes, layered to convey the kinetic energy of an engaged workforce. The crystal sits atop a concave-shaped pedestal base comprised of polished silver-plated legs and a satin finish front display. The combination of these parts results in a piece that evokes the nature of engagement.

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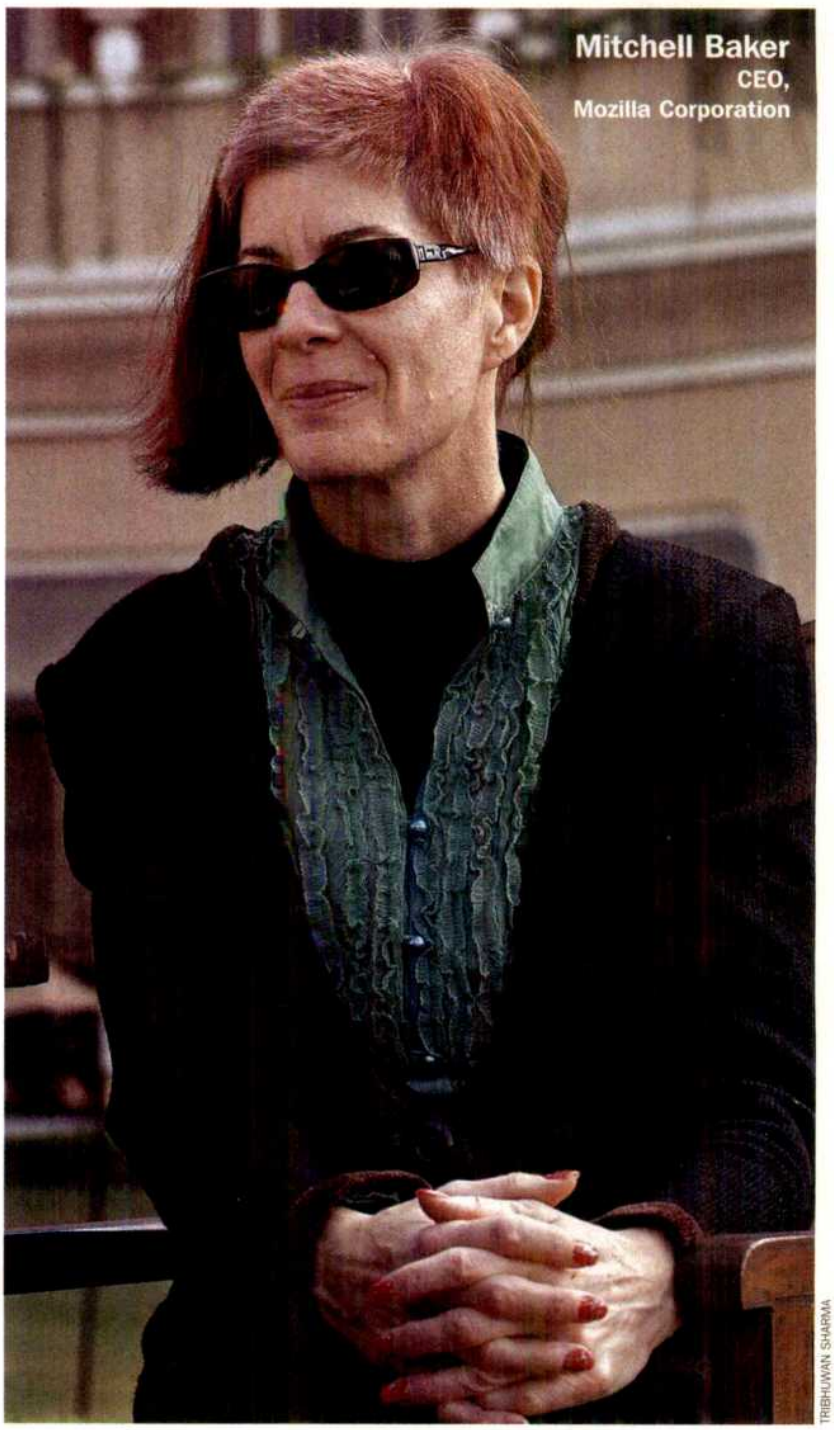
Vijay Dewan, Managing Director, The Park Hotels with GGWA in Washington DC.

"We'll have to go head to head with Google"

WHEN you are battling two Goliaths of Cyberia — Microsoft (MS) and Google — simultaneously, you better plan for the worst. Their rivals are either bought out by them, or are left to die. Mitchell Baker, CEO of Mozilla Corporation — whose Web browser Firefox and e-mail client Thunderbird are already a rage on the internet — knows this far too well. Firefox, for instance, has cornered 15-20 per cent of the world's 1.2 billion internet users against dominant rivals such as Microsoft's Internet Explorer (IE) in just over two years. Thunderbird is competing with MS's Outlook Express and Hotmail and Google's Gmail applications.

Baker, one of the earliest proponents of consumer choice and open standards on the internet, formed Mozilla Foundation out of a core team that developed the Netscape browser. The not-for-profit Mozilla Foundation swears by its independence and has vowed never to list publicly for funds. All its resources are ploughed back into developing open source technologies for the internet. In case its business model fails or a rival outsmarts it in the internet space, Mozilla has created a $70-million 'rainy day fund' (larger than Mozilla's annual revenues) to take care of its 130 employees. *BW*'s Rajeev Dubey caught up with the feisty CEO to probe Mozilla, the open-source phenomenon.



Mitchell Baker
CEO,
Mozilla Corporation

TRIBHUWAN SHARMA

■ *How is it going vis-à-vis IE? And how far do you view Google as a threat?*
■ We aspire to achieve a 200 million user base by the end of the coming year (presently 130 million). Mozilla continues to be successful, both, as a product and as an open source project, which is an unusual management style for our

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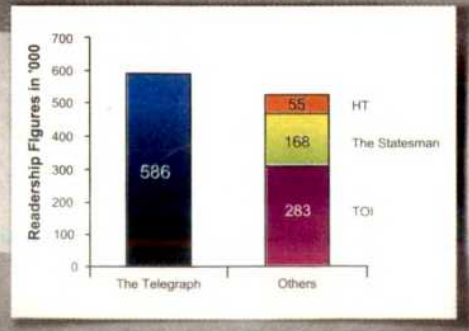

- The Telegraph readership is higher than that of all the English dailies put together in Calcutta
- The Telegraph has shown a steady growth while others have declined in Calcutta
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Unputdownable

CALCU A incomplete without The Telegraph

* Source: IRS 2007, R1 & R2

world. Also, as a force for openness and representing individual consumers.

It is unusual to be a sustainanble open source project with a mission. The product that people choose to use validates the value that we bring. Secondly, building that product in an open system which is partly employees but many people who aren't employees, also validates that people are interested in what we are doing. So, the estimates that we have are something like 20 per cent worldwide users of the internet. The figure varies quite a bit. It is low in the US, say, at 17 per cent, very high in Europe, up to 25 per cent in Germany. In Asia we are not sure because we don't yet have good data sources. We think India is closer to the worldwide norm.

We realise most people who come to our product, come from an IE. But our day-to-day thinking is how to create a better internet experience, not so much as how do we beat IE or match it.

■ *Has there been any factor other than the open-source that has helped you penetrate this market?*

■ Yes. In fact, a vast majority of our users don't even know that Firefox is open source, or if they heard that phrase, they wouldn't know what it means.

■ *How is it designed better than IE?*

■ The elegance and simplicity, across the board, in the technology it is built with and what the user experiences. The security is unquestionably better. The thoughfulness of new features has been better. For example, people who use word processing systems are used to the 'find' feature. That's a convenient feature, especially on a web page, so we added that. There are 20-30 features like that. The browser is extremely personalisable. The most recent version of the IE simply copies some of our features, but not as well, such as tabbed browsing.

■ *As an open source developing organisation you compete directly with, say, Google or their aspirations over a period of time. How do you see it work out?*

■ My sense is that we'll come in conflict with Google on openness. Today, Google is our best partner. Not because revenue comes from search but because they understand how we operate. Business relations we have with them is separate from our product development. I hope Google will be a force to open up things, rather than close them. A time may come when we will have to go head to head with Google. I'm not looking forward to it, we already have MS to deal with. But we will do that if we have to.

■ *So far you haven't faced a problem with Google?*

■ No, because we spent many months initially in talks. The founders were involved in making sure we understood each other and in creating good business relations, but keeping it simple. We intend to continue being a very strong voice for openness. There will continue to be discussions on security and secure products and various reports. So we'll continue to lead in those ways. Actually, if in competition with Google, being leaders on that front would be great.

HARD FACTS

- **Key shareholders: A public corporation with no shares. A board of directors governs the use of funds, and with assets dedicated to public benefit**
- **Founders: Set of people, some of whom worked on Mozilla along with the person who negotiated with AOL**
- **Revenue model: Comes from Internet search. Money spent only to promote the mission and things such as paying salaries**
- **Employees: 130, apart from key volunteers also from India**

■ *What happened to Netscape finally? How did it vanish?*

■ Netscape was apart by early 1990s. Many of us worked at AOL when it acquired Netscape in 1999. It continued to employ a number of people to work on the Netscape browser. They stopped all their investment on the browser in 2003.

■ *What made you think of Mozilla Foundation and then a separate Mozilla Corporation? What is the thought behind not going public?*

■ Mozilla, since the beginning, in 1998, has been about creating a shared resource that many people contribute to and more took value from. It was never a typical commercial organisation. The core team stuck around because of its attraction to the exciting possibilities that the internet opened up.

The corporation, I say, it's a taxable organisation, but everyone else says it's for profit! It is not easy to generate revenue as a non-profit, tax exempted organisation. We found a business model and, more importantly, we found one that our users like because people search. And that turned out to be successful. We generate about $60mn a year, which is a lot for an open source project but is financially irrelevant in the market space in which we work with MS, Apple and Google around.

■ *As a non-profit organisation, you remain small. If you miss the bus on some part of the innovation curve you run the risk of toppling over.*

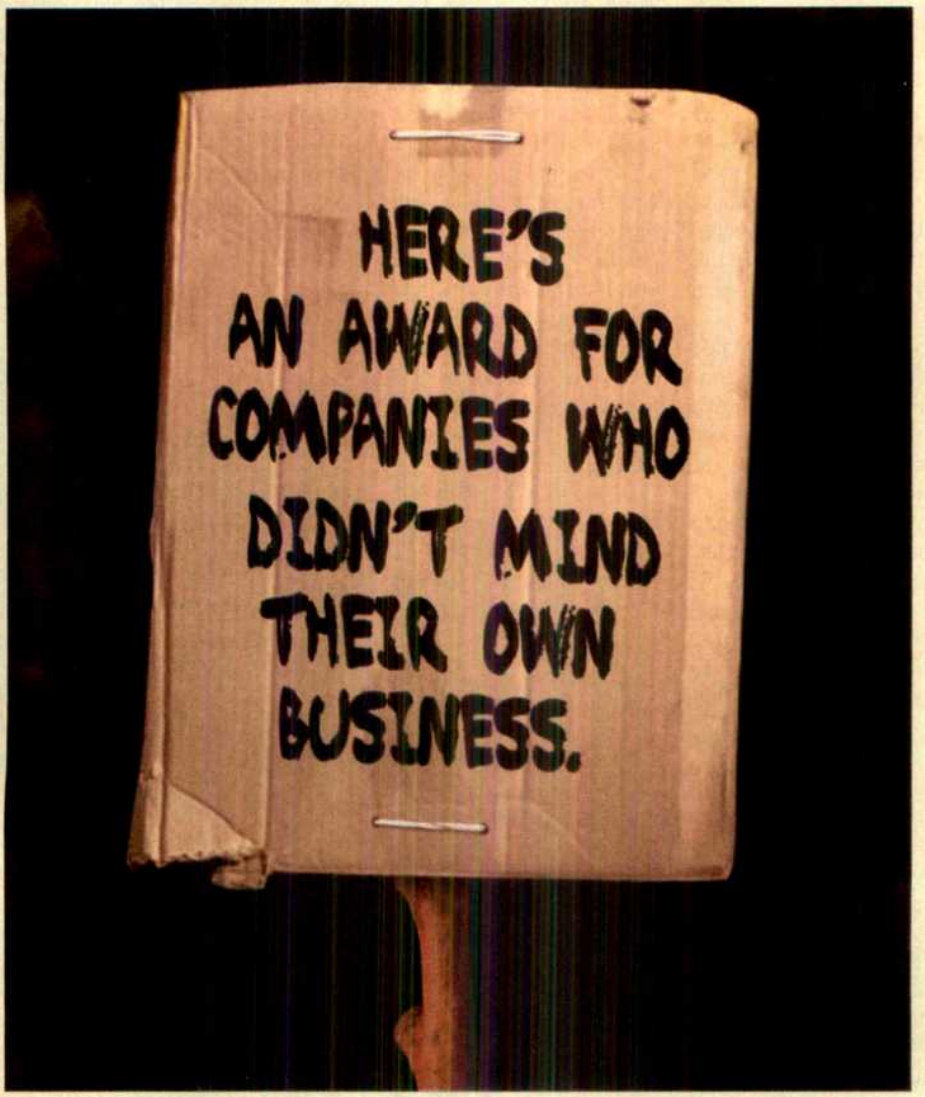
■ The employee base of Mozilla will stay small. We have built a viable commercial ecosystem around us. So not only is the community big but those building on Mozilla technologies are growing and are profitable. People experiment with our technology and often arrive at innovations for commercial use.

■ *What is the current revenue model? What gets you the maximum portion of your revenue?*

■ It comes from search. You can sell bookmarks and pages and lots of things by many companies who are willing to pay us to be included in the browser, but the hard part is finding something users like. That's why we stuck to search. We'll probably look at this again and see if we must diversify or not.

■ *What is the next leap forward for you?*

■ The few things we have in mind are: Further building the commercial ecosystem around Firefox. That makes us stronger and gets us in touch with more people but does not involve royalty. Making clear plans for organisational stability. Design our revenue plan for the next ten years. Browsers are the entry point for the user experience and we know how to build that software. But there are a lot of things happening with data and interaction. To provide a positive internet experience, we must have some relationship with the data. ■



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BATES DAVID ENTERPRISE 1573

full speed AHEAD

Recovery may be just around the corner for Delhi's ailing public transport system.

By Pierre Mario Fitter

DELHI, which aspires to be a world-class metropolis, rides on a fairly primitive public bus transport system. The city's buses, both the government-run Delhi Transport Corporation (DTC) and the private Blueline services, are little more than steel boxes attached to noisy engines. Several buses have parts of the floor missing. Rusted, steel handrails dangle from the ceiling, threatening to impale anyone who moves past them.

The ugliness of Delhi's buses isn't just skin deep. The real problems stem from a system that has done little to improve or provide suitable economic incentives for bus operators to play fair. "There are too many players and the whole system is very complicated," says S.N. Sahai, managing director of Delhi Integrated Multi-modal Transit System (DIMTS), the agency that has been tasked with revamping the state of Delhi's public transport. "Only recently has there been any recognition of the problems that urban centres face."

If the Delhi Bus Ekta Manch (a Blueline bus owners' association) and the DTC ever agree, it's on these problems: for one, bus fares in Delhi have remained unchanged for years. At a maximum of Rs 10 per ticket, tariffs are too low to cover costs or run an efficient bus fleet. DTC, for instance, lost approximately Rs 280 crore in the 2006-07 fiscal.

The Long And Short Of It

The second problem is an acute shortage of drivers. Inexplicably, even though Delhi does not have enough drivers, a regulation prevents bus drivers from other states from helming a public bus in the capital unless they have a Delhi government issued public service vehicle licence. To illustrate the problem, when DTC recently advertised for 2,485 driver vacancies, it received only 261 applications. "Look, salaries are better in Delhi, so it's not as if drivers don't want to come here," says Shyam Lal Gola, a spokesperson for the Delhi Bus Ekta Manch. "Still, the government won't endorse their licences."

Operating bus services costs money. Lots of it. With fares so low, the only way for both DTC and Blueline operators to make profits is to keep their buses running for as long as possible each day. Being government employees, DTC drivers cannot legally work for more than eight hours a day. This is part of the reason why DTC runs into heavy losses.

Blueline operators, on the other hand, simply ignore these norms. To stave off losses, most Blueline drivers are made to work 16-18 hour shifts daily, with no holidays. According to Gola, Blueline buses run an average of 230 km per day — nearly 100 km more than the average DTC bus. And they race each other along every one of those 230 km. With such intense competition for profits, it's every bus for itself. The goal is to pack in as many passengers as you can, as fast as you can, and then beat rival Bluelines to the next stop.

Long working hours and the constant pressure to remain profitable have led to rash driving. This, in turn, has already resulted in 113 deaths this year. The drivers involved in these accidents stay in jail for only a few days before political contacts or large bribes get them back behind the wheel. When a Blueline bus mowed down seven people in a single accident this October, the extent of the sordid mess came to light.

A certain Nawab Khan's name was found on the back of the killer bus. According to news reports, Khan lent his name to Blueline operators who paid him a monthly protection fee of Rs 2,500. Khan would then ensure that policemen did not book these buses for offences. Police officials claimed that they did this more out of fear of Khan. As one official told the *Indian Express* newspaper, Khan frequently launched corruption or harassment charges against police officers who dared challenge buses under his protection.

Government Controls

Haroon Yusuf, Delhi's transport minister, is trying to impose safe driving regulations on rash Bluelines. Yusuf recently cancelled more than 600 permits issued to Blueline buses. "We will soon phase out all the other Blueline buses as well," Yusuf added with emphasis. Under a new plan to reform and corporatise Delhi's public bus system, the city will be divided into several clusters. Each cluster will have an equal mix of profitable as well as loss-making routes. Private companies will be invited to bid for operating a

TRIBHUWAN SHARMA

bus service in each cluster. DTC buses will ply on these routes alongside the private companies. Yusuf says that an interested party can bid for as many clusters as it likes, but will have to meet certain criteria that will ensure they are serious about operating a fleet in the long run.

Each bidder must have a minimum of 200 buses operating in each cluster. This size cements a commitment in terms of capital investment from each company. Each bus must also meet certain safety standards. One such standard is that all the buses must be equipped with GPS tracking systems. The system will transmit information in real time to a central server. Passengers will be able to access the system via SMS to find out when a bus is due to arrive at the nearest bus stop. Most importantly, the system will also generate automatic reports if a bus drives too fast or goes off its assigned route. Traffic police and Delhi's transport ministry can then review a compilation of such reports at the end of each day. Companies that break the rules will be fined heavily and could even lose their licence to operate their fleet.

Gola and his colleagues say that Yusuf's plan is laughable. "For us, it's not just about profits and losses," says Gola. His small office is crowded with 10 other members of the Delhi Bus Ekta Manch. All of them nod vigorously in acknowledgement. "We want to be treated fairly. Blueline operators have spent lakhs of rupees to buy buses, but now we will lose the permits to run them." These costs, Gola says, cannot be recovered unless each vehicle runs its full life-span of at least 10 years.

Yusuf says that the new system still has room for Blueline operators. "Blueline operators can apply for clusters if they form a cooperative with enough buses and each bus meets the required standards," he says. Blueline operators see little benefit in this. "Money is not a problem," says Gola. "We are willing to make all the investments needed to be part of the new system. We only ask that the government let us run our current buses for their full permit period to help us recover their cost."

Many For The Road

Beyond all the bickering, the future promises change for the better. DTC Chairman Anshu Prakash says that he will double his present fleet size within two years. "We currently operate approximately 3,100 buses and will acquire 2,500 low-floor buses, 1,000 semi-low-floor buses and 1,000 standard height buses over the next few years," he says. Roughly 30 per cent of these vehicles will

ALL ABOARD: Delhi Transport Corporation will acquire 2,500 low-floor buses and 1,000 semi-low-floor buses in the coming years

BLOOMBERG

What others have

GOOD public transport systems are a must-have for world-class cities. With increasing dependence on public transport to get to and from work, there is little room for breakdowns. But the best cities often go a step further.

Hong Kong is known for its easy-access metro and bus system. This is made even easier through the Octopus payment card, which travellers use to buy a wide range of goods and services. Take a ride on a city bus and you'll immediately know how orderly roads can make a big difference to travel. Double-decker buses move effortlessly around tight corners, with buildings never more than a few feet away. Hong Kong's metro is also one of the most efficient in the world, and is widely recognised for its sustainability initiatives and low environmental impact.

London's network of buses, underground trains, taxis and ferries are highly coordinated. The London Journey Planner, a free travel planning booklet and website, helps people navigate through the city using multiple modes of transport. In fact, London was recently voted to have the world's best public transport system according to a survey by travel website, Tripadvisor.com.

Beijing recently revamped its entire public transport system. Four thousand new high-capacity buses ply city streets. All of them are driven by CNG — beating the DTC's record as the world's largest CNG-run bus fleet. The metro system has increased the number of lines it operates from three to seven. The city also conducts over 1,000 adaptation activities every year to improve access for disabled people. Most of this work has been done on the back of the upcoming Olympic Games in 2008.

Delhi organises the Commonwealth Games in 2010 — an opportunity, perhaps, for the city to clean up its act.

be air-conditioned.

Prakash reckons that the expanded fleet will automatically double DTC's capacity of 2.5 million daily passenger trips to 5 million daily passenger trips. "But we need approximately 2.5 drivers for each bus," he adds. In a few days, the DTC will advertise for approximately 10,000 new jobs for drivers and conductors. Prakash says he will extend the 'catchment area' for this round of job ads to attract applicants from nearby states. The DTC has relaxed its recruitment rules following the failure of its previous round of recruitment. The old requirement of having a five-year-old heavy vehicle licence has been reduced to needing only a three-year-old one. Also, new applicants will not need a Delhi-specific public service vehicle licence when they apply, as required before. However, they will need to get one within three months of being selected.

The Delhi government is not shying away from spending big bucks on fleet modernisation. It has given Rs 1,800 crore to DTC for new buses and has increased DTC's authorised capital to Rs 3,000 crore from Rs 300 crore. "We are going to have a massive fleet that will also be the most advanced in the country," says Prakash proudly. He adds that all new buses will be maintained and serviced by the manufacturers for their entire life-cycle of 750,000 km.

Sahai of DIMTS believes that such modernisation is the only way ahead. According to him, targeting Blueline buses will not solve what is a much larger and deeper-rooted problem. "There are nearly 2,000 fatalities on Delhi roads each year and only 5 per cent of them are caused by Bluelines," he says. "Delhi needs to change its entire understanding of road use and public transport."

DIMTS is researching proposals that will bring all of Delhi's existing and future public transport systems under one integrated system. This system will include regular and high-capacity buses, the superbly executed but lower capacity Delhi Metro and monorails. Sahai's goal is to have at least 80 per cent of Delhi using public transport by 2021. Currently, that figure is only around 60 per cent.

Change is indeed inevitable. Delhi's state elections are due in 2009. The incumbent Sheila Dikshit government has taken much flak over the years for not doing enough to modernise public transport in the city. Winning the elections will be important for the Congress party and public transport promises to be a key issue. Then there's the matter of putting Delhi's best foot forward for the Commonwealth Games in 2010.

DTC's Prakash and transport minister Yusuf exude confidence. DIMTS's Sahai is cautiously optimistic. Gola is indignant. His Blueline operators, he says, are an equally influential vote bank. Delhi's citizens, in the meanwhile, have nothing to lose but some hair-raising bus rides. ■

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Doron Levin is a columnist for Bloomberg News

Renault's Russian revenge

CARLOS Ghosn, Renault SA's chief executive officer, enjoyed a bit of sweet revenge against General Motors last week in Russia, topping GM and others in the bidding for a 25 per cent stake in AvtoVAZ, the Russian maker of Lada automobiles. It was GM, of course, that had spurned the idea of an alliance with Renault and its Nissan Motor affiliate in 2006, leaving Ghosn looking humiliated.

Automakers worldwide are in a frantic scrum to build and sell cars in the emerging BRIC countries, where rising personal incomes suddenly have brought ownership within reach of thousands of new buyers each day.

Car sales in Russia, already brisk, took off in 2003, due to rising prices for oil and gas, which have increased the ruble's purchasing power.

Russian consumers for years had lined up to buy the Lada, a relatively unreliable Cold War relic based on old technology and designs bought from Fiat. But with so many new and superior vehicles now available, including Chery and a few others from China, the Russian vehicle market is poised within a few years to surpass that of Germany, where almost 3.2 million vehicles will be sold at retail this year.

Ghosn had hoped an alliance with GM might increase Renault sales worldwide and especially those of Nissan in the crowded US market. But the US market is already packed, with No. 1 GM fighting to hold its ground at home.

These days, almost every global automaker is keeping a wary eye on Toyota Motor, which also is investing to increase its share in the former Soviet Union. Toyota, Russia's fourth best-selling brand, is about to begin production at a new plant in St. Petersburg.

Until the early 1990s, Russia wasn't exactly a bastion of freedom conducive to widespread ownership of private transportation. Soviet-style rule is gone, though the nation's economy and business culture are evolving fitfully, often under the influence of bribery, politics, organised crime and cronyism. It's not beyond the imagination to think that GM may have lost the AvtoVAZ deal through political favouritism.

Vladimir Putin, Russia's president and soon likely to be the country's prime minister, may well have favoured an AvtoVAZ partnership with Renault as diplomatic payback to France. Nicolas Sarkozy, French president, was among the first European Union heads of state to congratulate Putin after his party's win in parliamentary elections. Rights groups criticised Sarkozy, viewing the Russian election as rigged. Or perhaps, AvtoVAZ used GM as a stalking horse.

GM had appeared to be the leading bidder for AvtoVAZ, since the two had joined forces in 2001 in a venture to assemble the Chevrolet Niva sport-utility vehicles and Viva sedan models. GM is about to open its own factory near St. Petersburg to build the Chevrolet Captiva SUV.

AvtoVAZ, meantime, came under state control in 2006 when Russia's arms-export agency bought a majority stake in the automaker, backed by state financing. A move, which may have been designed by Putin to squeeze out criminal gangs in Togliatti, AvtoVAZ's home town about 500 miles east of Moscow.

Putin isn't likely to disclose whether he influenced the selection of AvtoVAZ's partner, though that thought is hardly a stretch.

GM won't let the AvtoVAZ setback slow it down. Recently, Wagoner told reporters that it's talking with OAO GAZ, Russia's second-largest automaker, about buying a stake. GAZ builds the Volga, of the Khrushchev era, that may face extinction in competition with modern vehicles. GAZ plans to manufacture a version of Chrysler LLC's Dodge Sebring sedan with tools once owned by the US automaker at its plant near Detroit. Chrysler is one of the world's few major automakers without a Russian strategy.

With Russia's fluid business customs and alliances, the country has become the Wild, Wild East of automaking. Only the most nimble, creative and well-run ventures will endure. ■

Globally, automakers are in a frantic, sharp-elbowed scrum to sell cars in emerging markets

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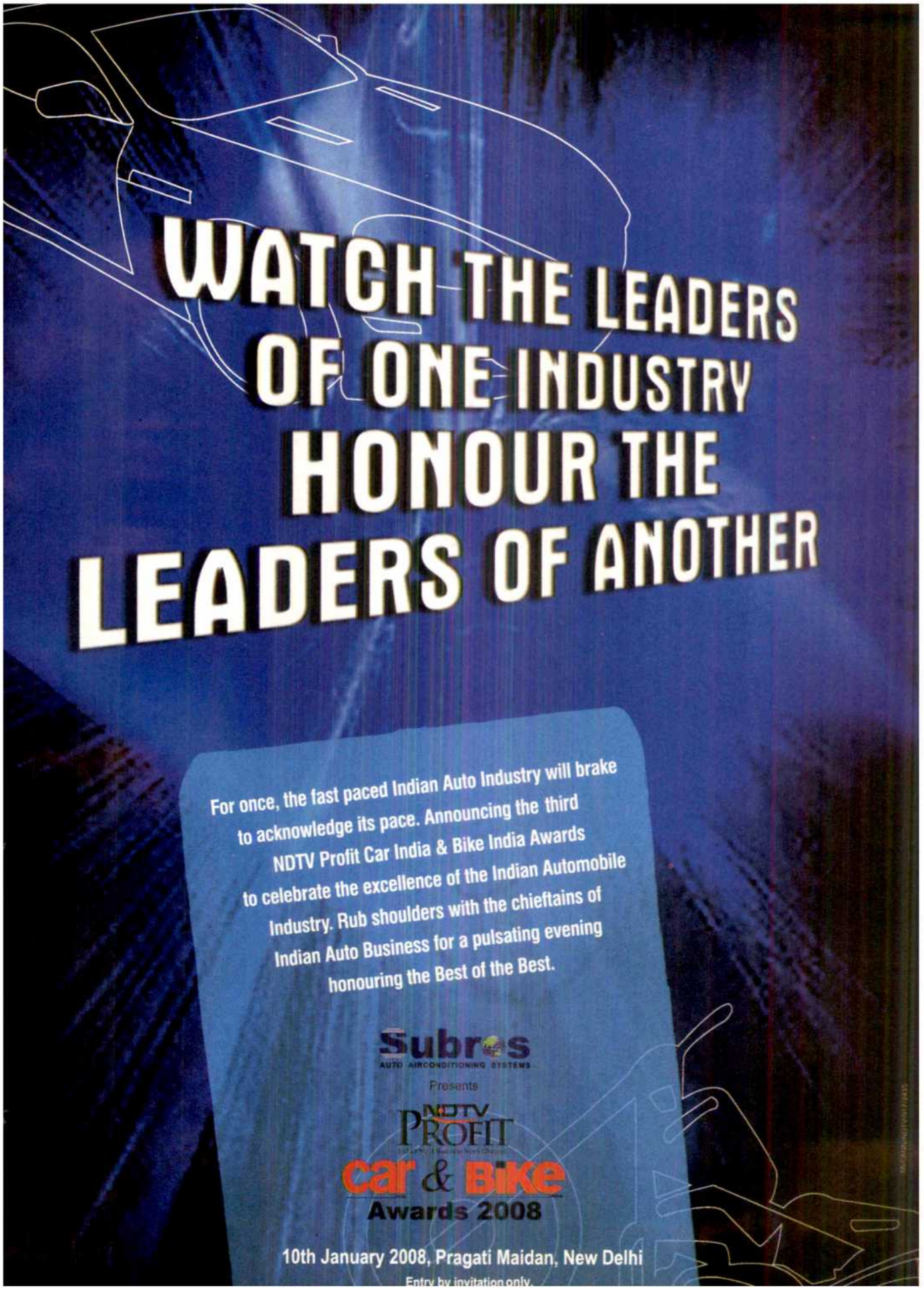
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BATES DAVID ENTERPRISE 2006

case study

New boss in the dock

MEERA SETH

After 10 years, Ram gets a new boss who is different. Boss Abhay, too, is facing change after a long time. Now, even the air smells differently... And their minds play the old tricks, as both battle and resist change...

RAM Kumaran sat alone in his room. Anxious thoughts assailed him as the 360 degree note he had been shown this morning, pierced his heart again and again. Suddenly, a lot was not going right in his life. Until last year, he was teaming so well with his bosses. Now, in the past eight months everything had turned upside down in his life. Abhay — his new boss — and he were simply not hitting it off...

This morning had been very startling, even thankless in a way. After a whole night at work — Ram had left work at 6 a.m. — he had returned to work at 11 a.m., going straight to boss Abhay Mankodi's room to let him know he was in. Abhay's expression spoke volumes as he said, "Where were you? Can't you call and speak?" Ram replied, "Internet banking division had a crisis, I was resolving it, Abhay. It was quite bad."

Ram was a chief project manager at Epicensys' banking division, specifically in charge of all the projects of Aspenn Bank. Last evening, his colleague Shubir Das who handled Aspenn's internet banking had to leave for home unexpectedly. Seeing his state of despair, Ram comforted him with, "You go; all this work will keep happening everyday. I will take care. Trust me."

Ram was the eternal bail-me-out friend at Epicensys (Epi) and almost everyone reached out to him. As did Shubir. Two years ago, Ram was in this very internet banking group, so he already had a context, and knew the pains of a retail consumer when the system folded up.

Shubir's team was more than happy to have his help. They brightened up as he came to the work centre, brought him tea, some thumped his back, some drummed on the tables a welcome beat; like all late-night workers, these boys, too, manifested a certain bonhomie and lightness. Besides, they had all been his boys once and they liked him. As a result, they came buzzing towards him as bees to flowers — a cackle of problems.

Aspenn's portal was used by some 100,000 customers and that day there was a problem with credit card payments. The call centre had been flooded with calls from customers that they had been trying to make payment from their savings account and it would not go through. As Ram grappled with this, there appeared more problems.

And so it was that as Ram attempted to get to the bottom, one thing led to another and Ram ended up spending the night in the office.

Around the time Ram was opening the floodgates for Shubir's internet customers, another broth brewed elsewhere. Boss Abhay was agreeing with Epi's quality control (QC) team that Ram would present the solutions update on another project module, the next morning. This was more because Abhay was pitching for a new client to be allocated to him, and for that, he needed to present to QC his progress on Aspenn, based on which he would be in the running for the new account. That's how Epi worked. It was unscheduled, but he did

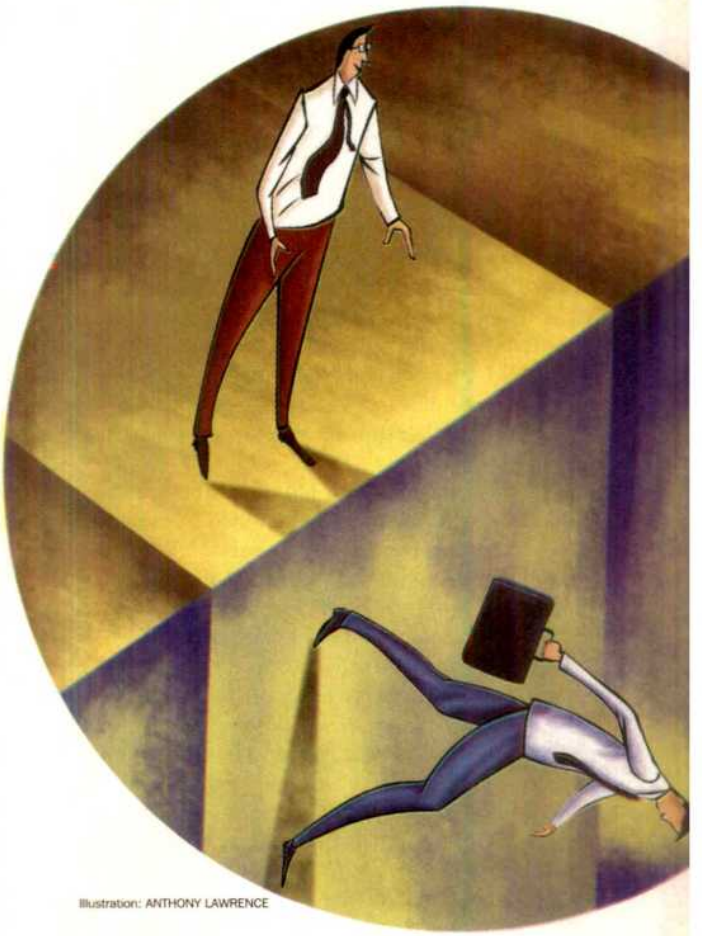


Illustration: ANTHONY LAWRENCE

not think that Ram needed to prepare. It was 11 p.m. when he had concluded his discussion with the QC head and he did not think it was nice to call Ram late. In any case, Ram came into work early and the presentation was fixed for 10 a.m.

So it was when Abhay walked in at 8 a.m., hoping to get Ram prepared, he derailed when he saw an orange post-it on his door — 'went home this morning, will be in at 11.'

Ram hailed from Kalburgi, in Karnataka. After graduating from a regional engineering college, he worked for a couple of years in a small company and then joined Epi, where he grew very fast, owing entirely to his commitment and hard work. He started as a software engineer, went beyond the call of duty several times and was promoted quickly to become a project leader, and then project manager, and in 10 years, grew to head a 100-man team.

AT 34, Ram was a god to the juniors at Epi. His whole attitude was one of deep respect for his work environment, for the work created by others, for what had been built... He was a complete package of performance, a boss' delight. Over time, it had become such a habit to ask him for something and be given that it would seem the extraordinariness of this quality had ceased to appear as extraordinary. Until recently, he worked with only one or two bosses. Life was quite uncomplicated — he knew what they wanted and they knew what he was capable of delivering. In short, it was a good, warm, confident relationship, a relationship of faith, where both were nurturing, respectful and there was growth all round.

Eight months ago, Epi made some structural changes. Groups were realigned, business mixes altered, service products merged and, as a consequence, Ram moved to a different group. His new boss was Abhay Mankodi, new to Epi, and who came with excellent credentials. Abhay was appointed associate director at Epi — a man with a working style that he derived from his previous employers, an American company, Pentac Corporation, where he was general manager — a style that was startlingly different to what Ram had known.

Abhay pleasantly surprised Ram. His tweeds, suspender belts, crisp convent school English, a fruit bowl on his table and mineral water, and a huge portrait of Einstein behind the door; Abhay did not fall into any known categories in Ram's mind.

Abhay was schooled in Mumbai, and graduated from Kings College, London, post graduated from Rhode Island. Thence, he joined Pentac in Dallas. He worked with them 15 years before being moved to India. Abhay measured most things in terms of earnings or time cost and was strictly metrics driven. One of the first things he told Ram was, "Business cannot merely be a bunch of people. Lacing through them should be a system that predicts with bulls eye accuracy. Every project should have a predictable system that also continuously measures performance against benchmarks. I was reading recently, this man says, 'Accurate predictability means less risk and a better growth without evaporating investment'.. what does that mean Ram? It means, no missed targets, because every target missed means that the next target is going to be more expensive.

"So, your reports and systems should be sentient, they should jump out of the graph and yank you by the collar and demand that you take the action indicated..." Ram had laughed heartily. Abhay was nice and dramatic. Equally, it fascinated him that Abhay's dad was an army man. Ram was deeply charmed by the army, but having grown up in a family of priests and banker's the closest he came to seeing uniformed humans were the local constables in Kalburgi. Abhay had travelled everywhere, was well educated, had good people skills but could not say where he came from, "I have no roots or affiliation to a particular place; let's say I belong everywhere and nowhere at the same time!"

Such an Abhay was very annoyed. The whole scheduling had been upset. *What on earth was he doing at work till early morning!*

For Abhay, things were black and white, never gray. He did not believe that one should waste time if there was nothing in it for one. Naturally, much as he meant well, he could not understand how Ram could waste his time on activities which were not directly beneficial to him. Ram, on the other hand, grew up in a small town where everyone held hands, propped up each other; in short, community effort was what held the town together. So, he was unable to explain to Abhay everything that he did and said.

These small, yet fundamental, differences breached their work spaces together. Like Abhay was very matter-of-fact and had no problems saying NO. Ram could never say 'no' easily, so he was often struggling to make his point withouthurting other people.

It was only eight months since he joined Epi, but Abhay could see all of Ram's weaknesses. A very task focussed man with a sharp mind, he formed assessments with ease. As luck would have it, it was also a particularly tough time at work; Ram was handling three people's work — and now holding fort for Shubir — but Abhay was tearing his hair because he needed him to present to Epi's QC team and Ram's post-it spoiled everything.

As for Ram, he was quite at a loss to know why Abhay was so ticked off.

The dent in the peace had shown up some time back. The sales team at Epi were bidding for a contract at Bridge Bank and the work was similar to what Ram had done for Aspenn. The sales head, Pranav Sinha, thought Ram was the best guy to work on the proposal as the deal was very strategic. So, everyone in sales pushed for Ram. Abhay agreed, it was an important deal for Epi, and consented. Ram stepped off Aspenn and worked on Bridge for eight days.

But the deal fell through on price negotiations despite Ram's impressive presentation. The halo of a great job done

dulled soon as Aspenn developed a crisis in the investment banking module. Abhay had an unpleasant call from Aspenn's chief after which he had a stiff chat with Ram. Simultaneously, he had others do a post mortem on Aspenn where he was told that the slip happened exactly during the week that Ram was busy on the Bridge proposal. Abhay told Ram, "You spent too much time on Bridge, I am sorry...you should have stepped off in six days." When Ram tried to explain that the proposal was tricky and sales needed his help, Abhay said, "Six days was adequate for that Ram. You must be quick, fast! Every day translates into multiple thousands of dollars!"

Abhay felt Ram was not assertive enough. He recalled earlier occasions when making a decision to fire someone, Ram would give the person a second chance, and sometimes, a third chance, and rotated the person in different roles hoping that he would turn around. Abhay felt Ram was indecisive, afraid to take tough decisions. With Ram around, Abhay had begun to feel everything slow down.

Now, every time Abhay wanted to tell Ram that in his place he would do the same thing differently, his language betrayed his impatience and Ram heard this: 'You are worthless'.

All these years Ram had no problems with his bosses. The fabric at Epi was changing, the air was feeling different, Ram felt a distinct suffocation. The business team demanded a lot from Ram, kept him late often. What he did in pre-sales and proposal building was not unimportant — was probably more strategic, but in the course of accomplishing it he slipped on some other job — like Aspenn — and before you knew, it became a red flag before a raging Abhay.

Back in his room where we left him, Ram's mind was on a careless wander, tracking old issues and bringing them into current context. *Well Abhay goaded me to do the pre-sales stuff and then he himself joins the chorus in telling me 'you slipped'!* Ram felt cheated. Everything at Epi had suddenly become like the fast-forward button on his music box. The movements were all a jumble of hands, legs and machines with the sound track of anxiety.

Ram recalled that day last month when three junior managers resigned. Abhay showed Ram the resignations and said, "Why have they resigned, Ram? Couldn't you see it coming? " Ram was agitated that Abhay should blame him. He said, "They left because Epi didn't approve of my recommendation for their promotion or salary hike! It's unfair. They are our stars — but someone has to reward them too, no? And HR overruled my decision to send them onsite. Now when they leave you can't blame me!"

Abhay was nonchalant. "That cannot be a problem, Ram," he said. "It's just a dynamic of the workplace. We all have to live with different decisions made differently by different people, under different circumstances, at different times. Life is like that. Like my predecessor has done certain acts which I do not subscribe to, but there they are, and I cannot crib. I start from that as a given, OK? We cannot say —'I can produce success and results only when my terms and decisions are accepted and adhered. If I am vetoed, I cannot deliver'. Life works differently..."

Ram recalled — he had found this counsel quite appealing and convincing. It was smart, yes, he had liked it. It was this recollection at the appropriate time that had caused him to tell Abhay, "Don't worry, I will present to QC at 12 noon. Tell them I am on..."

He was not intending to be angry, but the heat had got turned on and, carried by the energy of the residual feeling, Abhay, had handed Ram a sheet and said, "Here is something you need to take a close look at. This is critical for your evolution. It will help you come to grips with certain areas needing improvement." It was the results of the 360 degree survey that HR had done last month. Abhay thought feedback was a good starting point for reform.

WHEN Ram saw the paper, he choked. A small cry escaped his gullet, smothering the words he was about to speak. Abhay had marked the whole section first with a confident swish of a circle whose ends crossed triumphantly; then he had gone on and scratched two parallel strokes, one pair on the top left hand corner and another pair on the bottom right hand corner. It was clear Abhay felt vindicated.

Ram now read the note: Some of his juniors had said, "Ram is too nice and tries to keep everyone happy... We wish he would act like a boss..." Ram was devastated. *Oh God, is this what I get for taking care of you guys?* The survey focussed on effective team building for project management; therefore, it incorporated client and suppliers' views too. Two clients had said, "He is very helpful, very driven, very compassionate...but maybe he over commits....his intention is always very good but it does not work out right." Two other clients said, "He is a very competent manager but sometimes does not know his own limitations and expects too much from himself. We would be happy if he says no and we will not expect. He says yes and tries his best at impossible tasks sometimes." And two suppliers had made similar observations, "Very tough man to please. Asks many questions, some of which seem like they are not required. But he is smart."

Ram felt deeply pained. The words of **peers** were highlighted in green, followed by an asterisk that said, 'see page 6'. And so Ram flipped over to page 6, thinking *wish I would act like a boss? What does that mean?* The words pierced him as he read page six:

Peer One: He is a very nice guy; there cannot be another like him. But it's not the kind of niceness you bring to the workplace. He is nice in a personal sort of way, helpful, supportive, and all that. But frankly, I do not want a father figure at work. Cold logic is easier to deal with.

Peer Two: He needs to be tough, hard hitting; he must learn to scold people. His emotional caregiver model is what one

associates with women.

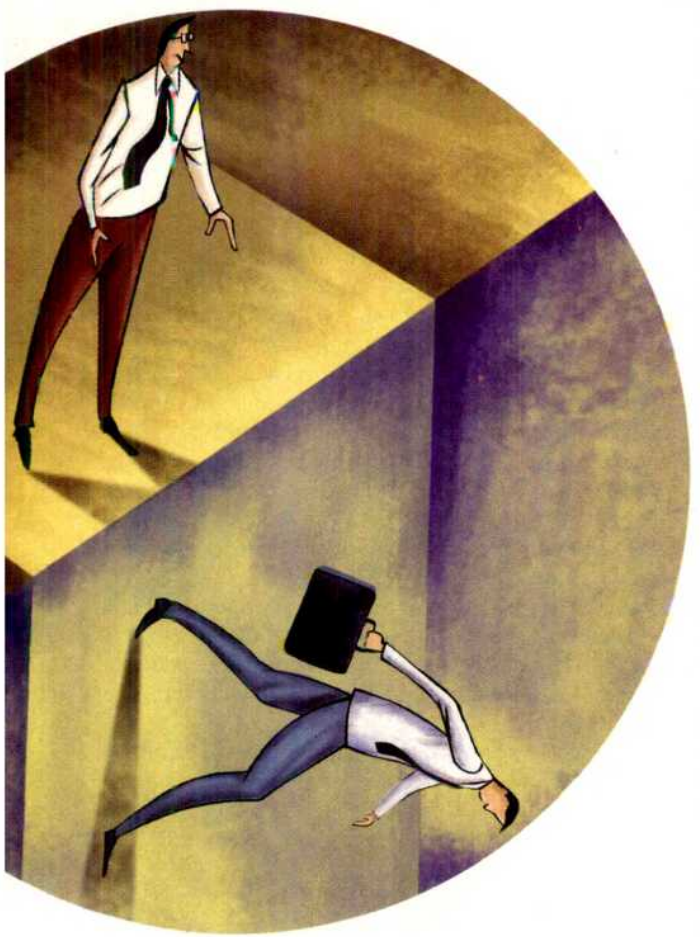
Ram winced. *So what is the objection? How am I to see this as affecting him? Everything they say is perception and why they don't like marigold flowers or blue tablecloth. So that is what they don't like. What is the complaint? Is the work suboptimal? Bad? Can't Abhay see they are all asking for a model which they feel will look good on the chair? Is that it? All I hear again and again is that they want a certain brand of male behaviour. They have not said how I am harmful to the business!*

So, suddenly, his customer was unhappy, his boss was unhappy, his peers were unhappy and his subordinates were unhappy. Ram decided he was quitting. The pain was exacerbated by the idea that this image painted by the survey suited Abhay's worldview of him.

Ram stood up. He was tired. Suddenly he could not be bothered by anything. Picking up his phone and keys, he left his office. He was going home. As he was stepping out of the lift, a 59-year-old hand patted his shoulder. He looked around. It was Dhananjay Singh, former sales trainer, now life skills trainer. Ram was startled. "Sorry sir, I did not see you..."

"I got in on the 18th floor," said Singh. "Four floors before you; Like I got into the rat race 25 years before you..." and he smiled, then added, "Before you do what you may not be proud telling your grandkids, come and spend an hour with me tomorrow. Let's talk. Ok?"

In another part of the office, Abhay was regretting. It seemed to him his timing was probably badly chosen. The meeting with QC that day had gone off exceedingly well and Abhay now began to see what Ram meant to a lot of people. He decided Ram needed some efficient chiselling. Abhay felt diffident. One person who he could talk to was Dhananjay Singh.



Singh was entering his office on the ground floor of Epi when Abhay entered at the same time. "You look like you just signed on some paper you should not have?" Singh said laughing heartily. "Ok, tell me what is it..."

Abhay felt unsure, but he sat down and told him about the difficulties he was having with Ram. "It is unfair, even wrong to allude to a problem," said Abhay. "Do I think if Ram is a valuable resource? Yes, yes, yes. But is high maintenance, especially during these times when work is flowing from every open window and I can't also have to cope with some of his lapses."

Dhananjay stared at Abhay for a split second, then said, "Serious ones?" Abhay groaned, then said, "Not serious as in discrepancy or misdemeanor. *I don't know!* The pace is far too fast for all of us and we know it. If that man is going to work late every night — he went home at 6 a.m. today — I cannot run this business! Trouble is I don't have a script to speak. I don't know what his hot buttons are; I am not able to reach him!"

SINGH stared at the tip of his shoes for a while then said, "I say, let us think about it a little more before we start putting him down to this or that workshop." Abhay nodded and shook hands with Singh in a manner of saying, 'Hey, I am sorry that I am not able to deal with this.' At the door Singh said, "You know, and I have seen this business from such close quarters, when a project is in crisis it needs help and the guy who needs help appreciates wherever it comes from — whether within his group or outside his group. The business is high pressure, so no one is willing to step out always and help others, especially if it is not going to be known or advertised. One of these days, you are going to need help like that, you will understand this better then. And those comments in the survey...it's OK. We got what we were not looking for, yes? Ignore it."

Singh put an arm around Abhay's shoulder and said, "You grew up in large cities, among folks who did their own thing. I did, too. My grandparents left the village after World War I and moved to Mumbai. Ram has mercifully grown in a small town where smelling the roses was a part of growing up and living. You and I have seen roses only at the florist and it would shock us if someone told us they grew out of the ground. That doesn't make him less efficient, it makes him more aware of time as it occurs. That stillness makes his mind capable of handling 20 times what you can. And you know what? We are going to have a greater influx of small town Rams. All of India is going to finally get them — thank God — and trust me Abhay, we need the steady Rams. Our pace is too frenzied for our own good..." ■

Classroom/syndicate discussion

In any change, it's the new boss who bears the brunt of the team's angst. Why is a new boss difficult to accept?

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Culture conflict

The author is corporate vice-president of Strategy at HCL.

THE Epicensys's case reflects Indian corporate reality. It is culture conflict being played out in the corporate arena at several levels. Ram Kumaran, the protagonist and Abhay Mankodi, his boss, reflect the changing work place. Admittedly, there are changes sweeping every sphere of the workplace, from blue-collar to white-collar jobs, government, education, NGOs, and SMEs. The manifestation of this change is most evident in the IT arena — perhaps the most fundamentally altered workplace in the past decade.

First, let us examine the facts.

Ram represents the archetypal IT guy who forms the core of the modern IT enterprise — small town, humble origins, strong middle class virtues of family life and desire to support others in a deeply interdependent social fabric, a tier II education, but most importantly, a link back to perhaps the work place values of an era gone by. An era I have witnessed, as have many others.

But what about Abhay? Here is the modern quintessential global Indian manager — big city boy, global education and work experience, driven by modern (western) business practices. Metrics, performance, delivery, measurement, low emotional quotient typify his style. Abhay represents the face of the modernising global Indian corporation so typical of highly successful IT sector. Sounds familiar?

Fertile grounds indeed for culture conflict. So what is the big deal?

Have not the two Indias reconciled their conflicting realities? Have they not learnt to coexist and profit from each other's diversity? Has not the corporate world been sensitive to Ram-Abhay conflicts? Finally, are they irreconcilable? I feel the nuances of this case provide lessons not just for teams, corporate culture training, but also leadership lessons. The case also emphasises how the booming Indian economy, services landscape — IT in particular — catalyses the march of the small-town professionals into the workplace milieu.

Second, let us analyse the forces at work here in the Epicensys case.

■ Culture: This being a 'soft area' is perhaps the most neglected and poorly addressed issue in most organisations which attempt to blend the diversity of the work place with the needs of business. Today's work place has left behind the homogenised and stratified old boy culture of the erstwhile corporation. This issue is dealt with far better across businesses with different cultures than it is inside a corporation, surprisingly. For example, we do not care so much about cultural divergence in firms which we work with as long as there are results. But within a firm where we need to coexist with someone for longer hours this is an issue. I wonder if either Ram or Abhay in the pressure of their hectic lives had an opportunity either formally or informally to bridge the cultural divide. I suspect not.

■ Role definition: In Ram's world, and his culture, reaching out to help Shubir Das was an act of human consideration risking the demands of his assignment and in the process Abhay's commitments. There is obviously a cultural and role definition change going on at Epicensys, which Ram in his comfort zone may have been lax with. However, for Abhay not to recognise the larger interests of Epicensys, even if it is at the cost of his own group, was harsh especially given the fact that Ram was known to deliver on commitments. The sharp role definition, which often demands not stepping out of your defined boundaries, characterises western organisations, which work with greater role clarity and sometimes, therefore, with greater success. The changing culture perhaps was not recognised by Ram.

■ HR and Training: It seems that Epicensys in its quest for change may not have had the robustness of HR processes to have managed the transition well despite its 360 degree feedback process. Somewhere this process may have bypassed the corrective mechanism as an early warning signal to have prevented much of what happened. The 360 degree process is a very powerful one for managerial and organisational adaptability and change, if used well. Had this process been used not only with Ram but with Abhay a process-based corrective mechanism would have kicked in. HR processes are often underestimated in organisations since HR is often seen as a custodian of human resource data and training but not often about proactive process based strategic change. Having worked in organisations that swear by the role of HR processes and 360 degree feedback, I can state confidently that this would have ensured conflict resolution.

■ The role of the mentor: It took Dhananjay Singh, a wisened senior former sales trainer to bring a sense of realism and reconciliation to the table. The role of the mentor is part soft side passion and part process. In this case it seems like the providential intervention that comes before its too late. Organisations in the past had the mentor formalised into the process. But the demands of the modern day corporation, even in India, have led to the demise of the mentor in a formal sense. Today it is informal mentoring and networking.

Finally, is this case about People, Passion, Process, Performance or Positive progress? To me, it is not only about the 5 Ps, but ultimately about the most important one in organisations — Positive reflection and change. It is about cultural differences which, when not addressed through process, lead to conflicts. So is there a way forward?

Corporations in India at the crossroads of change will see a lot of Epicensys issues at the core of their problems. There are no easy answers to this case but to ensure a rich interplay of the Ps I have enunciated. ■

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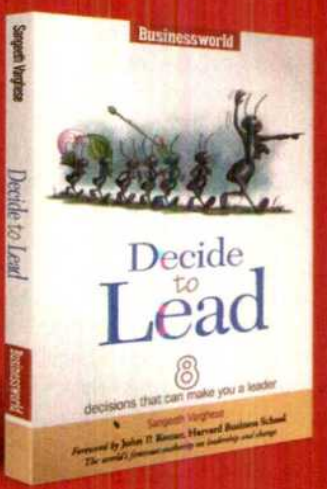

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Simply city

V. Kartikeyan is the founder and CEO of Vistas Consulting, a consulting organisation for building organisation and leadership capability.

THE past decade has seen enacted in the corporate world live dramas similar to those in the case study. These are psychodramas of sorts, mirroring the culture of transience and transitions experienced by Indian IT services industry, the related resonances and dissonances, and unprocessed residues.

The key players in this drama are Ram and Abhay, and in an invisible way, Epicensys (Epi), in the backdrop of the cross cultural milieu of the IT industry.

Ram's primary identity emerges as that of a 'good and obedient son' — an identity not uncommon in the towns and families of India. While the positives of this identity are a collaborative mindset and helpful nature albeit oriented towards continuing to "earn a good name", there are potential pathologies also — an inability to tolerate diversity (especially of the "topdog" variety) and a tendency to divide the world into "accepting/kind" and "harsh/intolerant". The resolve to remain 'good' in turn is pushing Ram to take on roles that resemble "Florence Nightingale" and "noble fireman". Apparent also is his dependent mindset — dependence on one type of supervision/leadership to get the best out of him – the "kind father" type.

Has Ram really and truly grown over the years? Perhaps not, is a likely robust reflection — he seems to have reinforced his psychological DNA, but does not seem to have taken on new identities. This flies in the face of theories that exhort leaders to almost exclusively "play to their strengths" — this may get individuals and organisations short term wins and illusions of growth, but ends up creating a cadre of bonny babies that rarely grow out of the crib — all this while the world moves on ... Epi also seems to have overlooked the fact that Ram's dependent behaviour seems to be creating further dependencies (on him) down the line, thus setting up an invisible tyranny, a tyranny that could be more toxic than the visible and obvious ones seen in dictatorial and boorish leadership styles.

Abhay, no doubt an efficient leader, but not getting it right this time. For he, as does Ram, seems to be encountering his counterpoint in this drama in the benign form of Ram. Seemingly, Abhay is getting caught with delivery, execution and "winning" — the current flavour of "masculine" traits that are extolled over seemingly "feminine" traits of institution building, creating a context for others to bring their selves and their creativity into their roles. Abhay seems aware of *his* hot buttons and actively engages them, but may not be aware of others' hot buttons. His productive and result oriented world view seems to betray the pathology of his nomadic warrior identity where through elaborate processes of insulation, self defence was had through attacking and fortifying first (i.e., uncompromising execution, business results, and gain of territory).

The conflicting drama inside Epi is seen in the table below.

	Self concept	Worldview
Ram	Be a good son, work diligently, and you can expect to be taken care of and protected	The world can be largely expected to be static. Keep it static and predictable (by doing your duty) and thus live in comfort
Abhay	Be individualistic; power, winning and authority are important for survival	The world has predators and victims. It is better to be the lion than to try and outrun it.

Is there a way at all from here? What ought to be the role of Epi's CEO?

There *is* a way, and it requires time and conscientious effort. Perhaps the likes of Dhananjay, with their humanistic orientation, can play a key role here, along with the CEO.

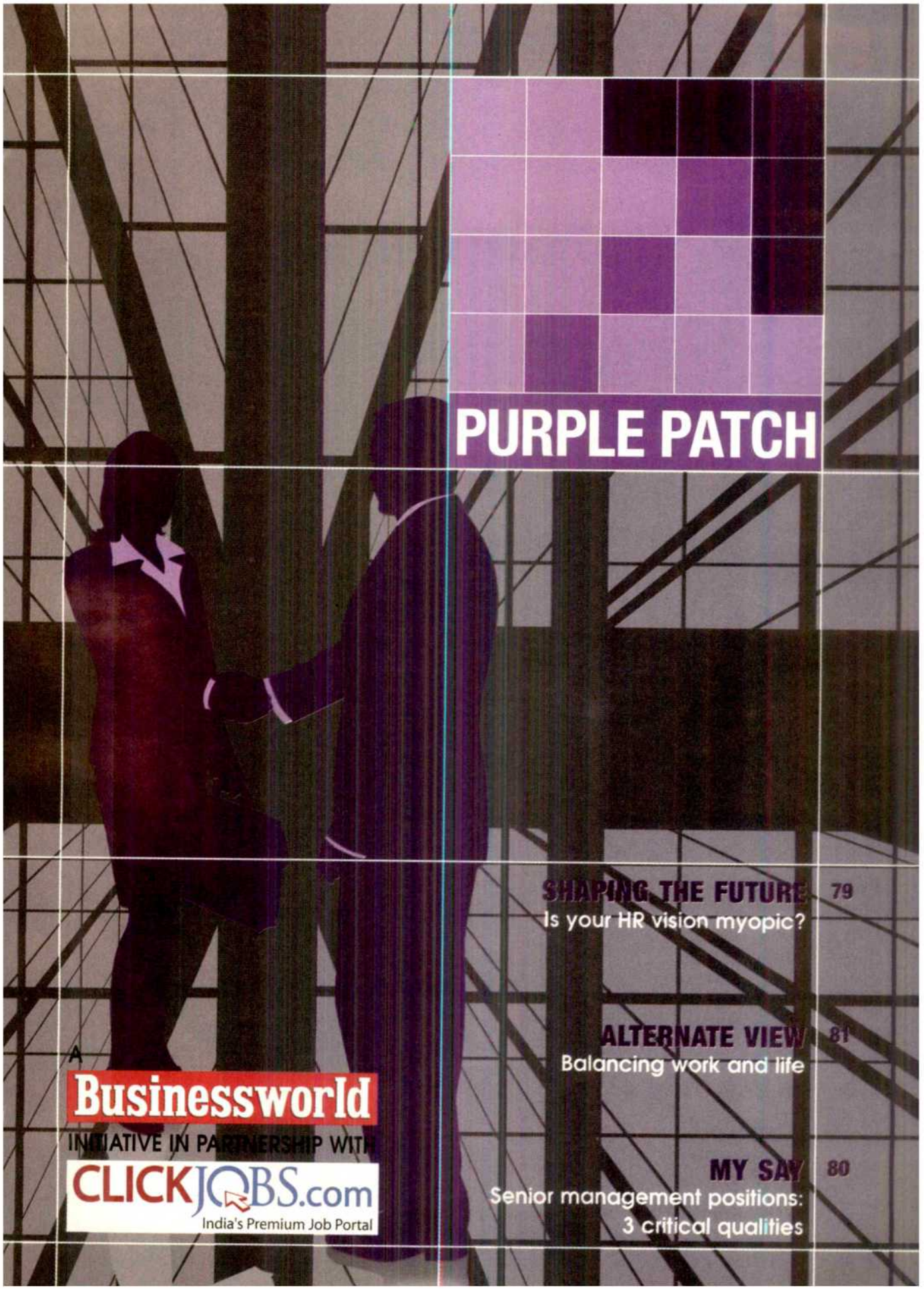
Fact is, there are going to be more and more Rams entering work systems similar to Epi from the small towns; They cannot all be left to their fates in extractive cultures. Organisations like Epi must encourage greater spread and diversity in their roles, help abandon erstwhile safe havens and point out the unintended fallouts of creating dependencies. In recent times, leadership and life-dynamics coaching is evolving as a robust practice to address this need. Ram would be a good candidate for this – especially if Abhay can in turn be guided to sit down with Ram and steer him to this possibility!

Simultaneously, Abhay needs to be counselled — perhaps more by people like Dhananjay and his own leaders inside Epi — to see the unintended consequences of his actions and approaches. People like Abhay tend to respond to fear of disastrous consequences of their actions, if they can be facilitated to see the same while simultaneously awakening in them a seed for their "next level of leadership capability" – that is by getting them to envision for themselves a statesman-like leadership style. This again would require skillful coaching and/or mentoring. This is also applicable for others like Abhay who are also entering work systems like Epi from all over the world.

Lastly, Epi's CEO needs to have a hard sit down with his staff for a few days and have open discussions on what kind of culture they would like to build for the Epi of the future. This has to evolve through a reasonably consensual approach and be open for periodic reviews, say two or three times a year.

It is time to for Ram, Abhay, and for Epi to wake up and smell the coffee. It could be a matter of survival.... ■

The author acknowledges reference to concepts of Ashok Malhotra, an organisation consultant in Bangalore



PURPLE PATCH

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SHAPING THE FUTURE

Is your HR vision myopic?

If your HR is playing the role of a facilitator, it's time to revisit!

Is strategic HR a myth in Indian boardrooms? Are HR professionals skilled enough to understand strategy or their role in implementing it? More importantly, does the CEO have a HR speedometer in his dashboard that he constantly refers to while making critical business decisions?

Purple Patch survey on whether the HR function is undergoing a transformation yielded a wide variety of responses. More than 90 per cent agreed that the role of HR is not just about attracting and retaining talent. HR has to assume the role of a strategic leader, given India's bullish economy (presently anticipating 10 per cent GDP growth), and ambitious growth plans. But, are we there yet?

Jack Welch, former CEO of General Electric and noted author of bestsellers like *Straight from the Gut and Winning*, recently stated in an interview that the "HR is the most critical function in any company. Development of leaders is the ultimate responsibility of every CEO and thus is an integral part of HR. I saw my job as allocating people and dollars to opportunities. I was not designing products. I was putting people where I thought they were right for the job. I did that with my partners in HR." Many of our survey respondents claimed that their HR head had managed to secure a 'seat at the table', and that they were part of all the hallowed executive committees. Impressive, but is the management really taking HR's presence in these top-level meetings seriously?

The evolution of the role of HR is no more a personnel department, as it used to be in the early 90s. It has also gradually morphed from being a change agent, or an employee motivator, like it used to be in early 2000. HR, according to industry insiders, has now donned the role of a strategic business partner. In order to build the organisational capability, HR has to have an understanding of which way the business is heading and thereby assume a strategic role in assisting the company to achieve its goals. One can do this by building the 'intangibles', such as soft skills. There is no greater way to build organisational capability than by having a continuous cycle of rigorous training and development. Only by training emerging leaders will organisations be capable of developing a robust pipeline of capable leaders, who can over time fulfill the desired growth plans of a company.

Often, the task basket of HR is full of transactional activities such as recruitment, induction, payroll management, etc. This coupled with little or no expectations from leadership or the board on strategic human capital issues

makes HR a passive player in Indian boardrooms. Mercer Consulting, a leading HR consulting firm recently published a report (March, 2007) and highlighted that the HR function is increasingly seeing themselves as effective strategic business partners, but well over 40 per cent of HR activity is spent on transactional and compliance-related activities. Jyoti Javeri, Director HR of a leading MNC corroborates: "The role of HR is beyond that of a facilitator. Training, recruitment and performance management should perhaps be the prime focus for senior HR professionals."

HR can no longer be a facilitator; it has to transform its people. Dave Ulrich and Wayne Brockbank, authors of *The HR Value Proposition explains*: "The HR value proposition means that HR practices, departments and professionals produce positive outcomes for key stakeholders, employees, line managers, and investors." Therefore, for HR to rise from the transaction to the transformational mode bringing about a single change in HR practice does not guarantee transformation. HR cannot be the twelfth man in the team, bringing drinks and refreshments to the ground - they need to be a part of the playing eleven. As in Protiviti Consulting, where the HR Head is a key member of the senior management team - "When we visit colleges for campus hiring, the role of HR is not just about short listing the right people. Each time we interview a candidate, he/she also gets an opportunity to look at us. It is a terrific way of reaffirming our brand as an employer of choice and a premier provider of risk consulting services," says Pankaj Arora, Director, Protiviti Consulting.

The HR value proposition means that HR practices, departments and professionals produce positive outcomes for key stakeholders, employees, line managers, and investors

Surajit Banerjee, Vice President HR, SpiceJet speaks a similar language, a language of partnerships: "As strategic partners, we have developed a structured HR approach towards our people management issues. The HR function today has to effectively comprehend business, performance and financial metrics to evaluate HR goals and to provide critical retention tactics." SpiceJet's HR strategy is an indicative example of a HR division that coordinates and works closely with other business units and stakeholders to deliver HR value. Question is how many companies are really doing this in reality, everyday? Not many it seems.

Critics question: If core management is at all interested in having HR as a strategic partner? Purple Patch spoke to a select group of Indian companies who have recently acquired global firms, and asked if HR was consulted during the business decision-making process. We also spoke to a few multinational companies who have recently launched operations in India, and posed the same question. Interestingly, we were told that HR had no role during the opportunity evaluation process. Only after the deals were made, and the business decisions were taken was HR roped in to undertake a due diligence.

Clearly, HR has shaken off its restricted personnel management role. However, it is not clear whether there is a definite intent at the top to take strategic decisions proactively involving HR... at least not just yet!

For comments and feedback on this article reach us at: purplepatch@bworldmail.com

MY SAY

P.K. Chatterjee: 3 critical qualities I look for while interviewing senior management positions

P.K. Chatterjee, Sr. Vice President-Group HR, Duncans Industries Ltd

- **Intellectual rigour:** The basic ability that I would look for is his intellectual capability. He should also have superior knowledge. A leader, in order to command respect, should be able to come up with innovative solutions. He has to be intellectually stimulating to avoid being stereotyped.
- **Quality of leadership - inspirational, situational, etc:** We look for inspirational leadership - i.e. a leader who can inspire his people. In addition, the person has to have enough flexibility to adapt to business situations and think on his feet. Leadership requires providing support/guidance to his team members under difficult, ever-changing complex business situation.
- **Team commitment and people development skills:** A leader should have a high degree of team commitment. A leader who takes all credit for a job well done shows lack of team commitment. So I would choose a person who is capable of sharing credit with his team members and also have the humility to take responsibility for failures. It is important that he is compassionate enough about people. He should have high degree of people orientation and people development would be a key task to develop the next line of leadership in the organization.

ALTERNATE VIEW

Balancing work and life

It's a career shaping decision for many. So, how do you strike the right balance between home and work?

It was an India dream that rapidly soured for 35-year old software professional, R. Balaji. Barely five months into his new job at Bangalore, Balaji had decided to quit and return to the US. Reason, the 24/7 work environment of the Indian outfit had left him no time for his family and he feared for his health. "At least in the US, the weekends were strictly my own and I used to get back home latest by 8.00 pm," he says. Is not getting the right work-life balance reason enough to quit a job? For Balaji and a growing number of executives like him, it is justification enough - though a recent McKinsey survey on career shaping events showed that only 18 per cent women and 14 per cent men changed jobs because of work-life balance issues.

However, the same survey also pointed out how almost 40 per cent of respondents said they had difficulty balancing work and home life. A case in point is Sheela Krishnan, who had to quit her job when her daughter's marriage was fixed. "I needed a lot of personal time to get the event organised and felt my office work was getting compromised so preferred to quit," she says.

Today's companies that operate in a globalised climate are forced to become 24/7 work environments. Technology in the shape of wi-fi enabled laptops and blackberries are also not allowing employees to switch-off work. Guilt-ridden at how their jobs are eclipsing their personal lives, several 30-somethings are now adopting the practice of working hard and playing hard, packing in too much in their lives. Result - the build up of stress and a rapid burn out.

The problem is exacerbated with many employees refusing to take vacations. Caught in the fast lane of projects, deadlines and presentations, an increasing number of young Indians - especially in the corporate sector - are either forgetting to take a break or refusing to take one for the fear of being sidelined.

Says Dr. Shelja Sen, consultant, psychiatry, Sitaram Bhartia Hospital, who is concerned about the effects of this 'MNC treadmill culture', and an increasingly workaholic nation: "The anxiety of being left behind is so strong, and the sense of competitiveness and threat is so high, that a large number of people are just refusing to take vacations."

Sen frowns upon this short-termism.

5-STEPS TO SUCCESSFULLY ACHIEVE WORK-LIFE BALANCE

- Start jotting home-life commitments in your work diary so that you don't slot a meeting at the same time as your daughter's dance performance.
- For one week, keep a log of every single activity you do - be it work related or even otherwise. This will give you a sense of where the scales are tipping and take remedial action.
- Cut down on multi-tasking - most employees today are simultaneously doing 2-3 different work tasks as well as trying to get that project for their children finished or getting repairs at home done. If at work, focus on work, and when at home, focus on the home.
- A good vacation operates as a vehicle for self-discovery and helps one get back to feeling the best. Taking regular time - off keeps stress levels low and detoxify the body to avoid burnouts.
- Spending time with loved ones can keep relationships strong. Taking family holidays where one enjoys the good times can help tide over the stress of hard times.

"What employees have to realise is to keep the big picture in mind. They need to invest in their health by taking frequent breaks and not run after short term work goals," she says.

Adds Dr. Rachna Khanna Singh, lifestyle management expert, Artemis Health Institute: "If all you do is work, what can you possibly bring to your job but more of the same? The same perspective on things, the same ideas and the same way of doing things. Spending time away from work allows you to explore other interests which will make you well-rounded."

Realising the benefits of employees who enjoy a work-life balance, now several corporations are taking a hand in helping their workers get a life. Companies organise programmes by both internal and external teachers on topics such as 'Work-Life Balance' and 'Time Management', besides drawing a year-long calendar of cultural programmes, where family members of employees join in the festivities.

Already, in the West, many corporations are also beginning to urge their employees to utilise their vacations while doing away with the system of financial reimbursement in lieu of missed vacations. In New Zealand for example, several firms have downed their shutters for three weeks during the Christmas forcing their employees to take a break. In Denmark, many companies - especially manufacturing plants - completely close shop. The Danes treasure their leisure time fiercely and spend it with their families. It's not a mere coincidence that in the first ever World Happiness Index conducted last year among citizens of 178 countries, the Danes turned out to be the happiest. For the last 30 years, Denmark has also been topping the European satisfaction surveys. Indian companies have made a beginning but there is a long road ahead before they could move a few notches up in the Happiness Index survey.

For comments and feedback on this article reach us at: purplepatch@bworldmail.com

GNG GROUP

GNG was established in 1996, now handling power transmission and distribution projects and currently has the complete capacity to perform as a main contractor to carry out not only turnkey power projects but also energy engineering projects and other related manufacturing activities.

ASSISTANT MANAGER - COMPANY AFFAIRS
Job Profile: Candidate will be responsible for the handling of all statutory/corporate affair matters related to RoC
Experience: 0-2 years
Location: Gurgaon
E-mail: caffairs@gnggroup.com
Job Code: CJ167962

ASSISTANT MANAGER - FINANCE
Job Profile: The incumbent will be responsible for general ledger accounting & reconciliation, budget preparation and monitoring variances, taxation accounting and compliance with all internal and external statutory requirements
Experience: 3-8 years
Location: Gurgaon
E-mail: finance@gnggroup.com
Job Code: CJ152247

KRISH IT SOLUTIONS

We are specialist suppliers of Technology Consultants within ERP, Web Technologies, Microsoft Technologies and Quality Management Solutions. Our Application Support Specialists cater to a vast range of requirements in IFS, Oracle, Java and SAP Technologies.

CO CONSULTANT
Job Profile: Should have 3 years of experience in SAP, COPA, and implementation in CO
Experience: 3-10 years
Location: Delhi & Mumbai
E-mail: preeja.pramod@krishtechnologies.com
Job Code: CJ169017

SAP APO
Job Profile: Should have minimum 3 years of experience in SAP and should have done one life cycle implementation
Experience: 3-8 years
Location: Kolkata
E-mail: prem@krishtechnologies.com
Job Code: CJ133213

invensys

Invensys is a global industrial automation, transportation and controls group. We also provide components, systems and services to the heating management, commercial refrigeration, residential safety and automotive industries, electronic and electro-mechanical systems and components to appliance and related industries.

SALES MANAGER - TRICONEX ESD
Job Profile: The incumbent will be responsible for managing customer accounts of the countries. Should work closely with the Country Managers in supporting them to pursue projects that comprise of bundle solution
Experience: 8-12 years
Location: Mumbai
E-mail: mumbaihr.iipl@ips.invensys.com
Job Code: CJ168186

SALES - KEY ACCOUNT MANAGER
Job Profile: The incumbent will be responsible for revenue targets & budgeted profits. Specifically, candidate will be responsible for marketing & sales of business solutions with emphasis on benefits & return on investment to the customer
Experience: 10-15 years
Location: Mumbai
E-mail: iipl.mumbaihr@ips.invensys.com
Job Code: CJ168183

ConnectM

ConnectM provides end-to-end solutions, consulting, application development, analytics, business intelligence and product life cycle development & sustenance to the transportation, industrial, utilities and enterprise markets enabled by Machine-to-Machine (M2M) communications.

WEB DEVELOPERS
Job Profile: Should have development experience in web applications (JSP, Struts, Servlet) with excellent presentation and communication skills
Experience: 2-5 years
Location: Bangalore
E-mail: deepthi.ningappa@connectm.com
Job Code: CJ168348

BUSINESS DEVELOPMENT
Job profile: Responsible for environment scanning, lead generation, understand requirements and challenges of prospective customers
Experience: 5-7 years
Location: Bangalore
E-mail: deepthi.ningappa@connectm.com
Job Code: CJ168350

HCL

HCL Technologies is one of India's leading global IT Services companies, providing software-led IT solutions, remote infrastructure management services and BPO.

MAINFRAMES EXPERTS
Job Profile: Should be expert in COBOL, VSAM, JCL, CICS and DB2
Experience: 2-9 years
Location: Chennai
E-mail: sumanp@hcl.in
Job Code: CJ169493

SITEL

Sitel provides fully-integrated customer-care and back office processing services that focus on delivering a return on customer investment to our clients by reducing service costs, improving customer retention and increasing revenue per customer.

TEAM LEADER
Job profile: Manage a team of 15-20 CSAs for a domestic insurance process, meeting client SLAs, ensure process adherence and performance metrics
Experience: 2+ years
Location: Mumbai
E-mail: sourabh.mishra@sitel-india.com
Job Code: CJ169126

MANAGER - BUSINESS DEVELOPMENT
Job Profile: Position requires highly self-motivated and enthusiastic marketing professionals with very good communication skills and excellent knowledge of BPO business development
Experience: 4-7 years
Location: Mumbai
E-mail: mum.careers@sitel-india.com
Job code: CJ168972

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ekartha

Ekartha is a US-based software development company that provides software products and services in the area of On-Demand Software or Software as a Service (SAAS).

QA ENGINEER

Job Profile: The incumbent will develop test plans and test scripts for the software, including black box and performance testing
Experience: 2-8 years
Location: Pune
E-mail: jobs@ekartha.com
Job Code: CJ136258

BUSINESS ANALYST KPO

Job profile: The incumbent will be working on loan product, which is a web-based search engine especially designed for the home loan market in the US
Experience: 0-3 years
Location: Pune
E-mail: jobs@ekartha.com
Job Code:CJ138400

MAHindia

A pioneer, innovator and market leader in the graphics industry, is built upon the strength of its people, products and technology excellence, its customer focus, and its ability to identify and capitalize on key inflection points where new technologies and markets converge.

PROJECT MANAGERS -DSL, NMS APPLICATIONS

Job Profile: Strong knowledge in C++ and in VOIP protocols such as SIP,H.323 and RTP and emerging IETF standards in VOIP area
Location: Delhi, Bangalore & Hyderabad
Experience: 8-12 years
E-mail: pritam@mahindia.com
Job Code: CJ170013

TEST MANAGER/SENIOR TEST MANAGER (HIGH PRIORITY)

Job profile: Responsible for managing a team of 10-15 members and should guide the team members with effective test planning & test strategies
Location: Bangalore
Experience: 7-15 years
E-mail: chaithra@vcgconsulting.net
Job Code: CJ170214

CAVIUM NETWORKS

Cavium Networks is a leader in Security and MIPS-based single & multi-core processors for networking, wireless, storage and control plane applications.

SENIOR SOFTWARE ENGINEER

Job Profile: Responsible for design, development, integration and testing of firmware, low-level drivers and S/W interface for hardware products
Location: Hyderabad
Experience: 3-8 years
E-mail: psarlagundu@caviumnetworks.com
Job Code: CJ164440

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Extreme Networks – A pioneer in the Layer 3 switching technology, is the global leader among providers of open-converged networking technology solutions to a global customer base of service-providers and enterprises.

We are renowned for excellence in terms of quality, performance & reliability of switching, routing, security and network management products. Our products have won several awards in many international technical forums.
We are 11 years old in the US and more than two years young in Chennai, India.
Chennai R & D Centre is the largest outside US.

We are now looking for top-notch Engineering professionals for the Chennai R & D Centre. If you are an engineer with experience in any of the following technology areas, please send your resume to **amani@extremenetworks.com**.
Please mention Job Title in the Subject field of the mail

SQA Manager

Job Description
Responsible for managing a group of 15+ engineers performing integration testing of Ethernet switching and routing platforms, protocols, and network management applications.
Act as a primary contact to US branch of the company as the leadof the offshore SQA organization.
Work with cross-functional managers and resources to deliverembedded software releases.
Responsible for successful implementation and release of new features, new hardware support, as well as defect fixes and continuoussoftware quality improvements.
Work with software development on design & implementationof specific features and solutions.
Develop focused and detailed test strategies, test plans, and documents to verify standards compatibility, functionality, interoperability, and systems-level readiness for customer delivery. Evaluate/develop new test tools and automated test cases for regression testing and software verification.

Qualifications and Experience Required
- BE or MS EE/CE or CS
- Minimum of a total experience of 10-12 years
- 10+ years of experience in networking.-
- 7+ years experience in testing/developing new products-
- 4+ years in managing a development or verification test group-
- Detailed understanding of bridging, Ethernet, Spanning Tree, VLANs, QoS.-
- Detailed understanding of RIP, OSPF, BGP, VRRP -
- Detailed understanding of SNMP, RMON, MIB compliance-
- Strong knowledge of TCP/IP-
- Strong knowledge of Windows required. (Linux and Unix experience a plus-)
- Experience in as many of the following:
  Excellent project management, organizational, analytical, and interpersonal skills.
  Experience with Multicast protocols and applications – IGMP, DVMRP, PIM, Tools development and automation; Tcl/Tk, scripting- with 3rd party traffic generation tools for simulation of L3 test environments-
- Experience in similar role managing a group of 10 or more engineers across multiple projects

Principal Engineer - Development

Job Description
Candidate will be a key individual contributor on a team responsible for delivering system-level solutions for Ethernet Networking Switches.
Responsibilities will include systems analysis, design, implementation, and integration of embedded software for multi-core CPU platforms with kernel and HAL as focus areas

Qualifications and Experience Required
- Over 10 years of experience in design / development of software for networking devices like Switches / Routers.
- Should have sufficient knowledge of / experience in software layers close to hardware

Experience in any / all of the following will be desirable:
- Experience in micro coding
- Multicasting, 802.1ah, 802.1ad
- Knowledge of Linux kernel with ability to customize and rebuild kernel for multi-core processors.
Multi-ttreaded programming, Linux & RTOS-based expertise.
- Linux Board Support Package (modifying and writing Linux drivers as needed).
- Hardware bring up - new board bring up with hardware engineers.

extreme networks

Extreme Networks India Private Limited
Temple Steps, 184-187, 8th Floor,
Anna Salai, Saidapet, Chennai, 600 015
Phone: +91 44 4229 2211 Fax: +91 44 4229 2317

CONSULTANT SPOTLIGHT

Doodle Ace Consultants is a Bangalore-based young Consulting & Executive Search firm, delivering recruitment services to the information technology industry to the clients in the niche areas of 'hard-to-find' techie talents.

DIRECTOR OF IP DESIGN R&D CENTER
Job Profile: Should have knowledge in FPGA design and or SOC/ASIC design, VHDL/Verilog, RTL Design, SystemC, embedded processing, signal processing IP design, networking, wireless, wireline protocols, wireless, video processing, broadband access technologies or telecom
Experience: 12-16 years
Location: Hyderabad
E-mail: vinoo@doodleace.com
Job Code: CJ169563

DIRECTOR OF ENGINEERING-NMS/EMS
Job Profile: Should have knowledge in NMS, EMS, SNMP, WiMAX
Experience: 12-18 years
Location: Bangalore
E-mail: vinoo@doodleace.com
Job Code: CJ169641

Aspire is a human capital management firm that provides human talent supply chain software and services for talent sourcing, selection and training across India.

TALENT SCOUT-EAST
Job Profile: The incumbent will be interacting with students by visiting institutions such as colleges and schools in their area and conducting presentations, counseling sessions, seminars, attending job fairs, etc. on an ongoing basis
Experience: 2-5 years
Location: Darjeeling, Kolkata, Shillong & Bhadrak
E-mail: recruiting.india@aspireindia.org
Job Code: CJ169269

REGIONAL MANAGER/CLUSTER HEAD-EAST
Job Profile: Developing the overall sourcing strategy for the (seven eastern states) region by appointing, managing and leading the team of talent scouts across cities in the region
Experience: 8-12 years
Location: Guwahati (Dispur) & Kolkata
E-mail: recruiting.india@aspireindia.org
Job Code: CJ169257

T2S provides its clients the most comprehensive and best in class solutions to their recruiting and leadership needs right from 'Intern to CEO' across industry bands, hierarchies and geographies. It specialises in IT-technology staffing. At the same time, it provides excellent opportunities for all candidates to enhance their careers based on an understanding of their needs as far as income, career satisfaction and career development go.

PORTAL INFRANET ARCHITECTS
Job Profile: Domain knowledge of the telecom operational processes for wireless, wireline or IP services
Experience: 8+ years
Location: Bangalore
E-mail: resource-executive@techstosuit.com
Job Code: CJ169078

IT CIRCLE HEAD
Job Profile: Should work as the IT Head of the circle and overall responsible for timely IT deliverables to business
Experience: 13-16 years
Location: Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad & Pune
E-mail: resource-executive@techstosuit.com
Job Code: CJ169084

Great Search Staffing & Management Systems Pvt Ltd or GSM is a 16-year-old company with expertise in recruitment of talented people across India. The CMD of the company is a B-Tech from IIT Powai. All the staff is highly qualified and deals with niche clients in the areas of IT, engineering and BFSI sector.

CEO -AUTO COMPONENT COMPANY
Job Profile: Should have 20 years of experience in casting field and 5 years of experience as unit head
Experience: 20 years
Location: Northern Karnataka
E-mail: eng999@greatsearch.co.in
Job Code: CJ168580

GM- MARKETING
Job profile: Should be a BE Mech and MBA marketing with minimum 5 years of experience as marketing head
Experience: 20 years
Location: Northern Karnataka
E-mail: eng999@greatsearch.co.in
Job Code: CJ168582

Founded by professionals with rich experience of different IT domains, it believes that it understands the needs of both the customer and the candidate better and seeks to strike a match which adds value for both.

SENIOR EMULATION ENGINEER
Job Profile: Should have experience in Verilog/SystemC/System Verilog/Bus functional models (BFMs)
Experience: 3-7 years
Location: Noida
E-mail: uday@thehumancapital.net
Job Code: CJ169649

FIRMWARE LEAD
Job Profile: Responsible for F/W development and test packages verification for security platforms TRIPOLI/U3/TF/GRUVI/FALCON/ FCP/TALON projects
Experience: 8-15 years
Location: Bangalore
E-mail: uday@thehumancapital.net
Job Code: CJ169510

The company's strategy of operating as an extended arm of its clients has ensured positive results for their clients. With a dynamic mix of a band-width of contact

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staffing services, well-honed search engines, an impeccable selection criteria and cutting edge recruitment advertising has enabled it to achieve results for their clients' diverse recruitment needs.

DEVELOPMENT: (TELECOM)

Job Profile: Should have good knowledge in Core Java/C++, OOAD, UNIX, SS7, IP Protocols
Experience: 2-6 years
Location: Bangalore
E-mail: kumar.nvss@hotriya.com
Job Code: CJ169995

SYSTEM ADMINISTRATOR (SOLARIS)

Job profile: Should have good knowledge in SUN V880, SUN 6800 (SUN) Fujitsu Siemens: PW650, Rx200, PW450, bringup of test beds, upgrades, maintenance of testbeds, Oracle/LDAP administration and shell scripting
Experience: 2-7 years
Location: Bangalore
E-mail: kumar.nvss@hotriya.com
Job Code: CJ169993

SYSTEM ADMINISTRATOR (UNIX FLAVOURS)

Job Profile: Responsible for installation, configuration and administration of UNIX flavors (Solaris, Linux, HP-UX), Windows Derivates (XP/2000/2003)
Experience: 2-6 years
Location: Bangalore
E-mail: kumar.nvss@hotriya.com
Job Code: CJ169991

DECCAN MANPOWER CONSULTANCY

Deccan Manpower Consultancy service came in to existence by providing suitable manpower of various discipline. It supplies all categories - skilled, semi-skilled, technical and professional manpower based on the demand of their clients.

AREA SALES MANAGER - BUILDING MATERIALS

Job profile: ASM will be responsible for handling dealer management & project sales as well as team management
Experience: 4-8 years
Location: Across South India
E-mail: deccanjobs@gmail.com
Job Code: CJ170039

SALES OFFICERS - BUILDING MATERIALS

Job profile: Sales officers will be responsible for handling dealer management & project sales in the assigned territory
Experience: 1-4 years
Location: Across South India
E-mail: deccanjobs@gmail.com
Job Code: CJ170042

Member of CORNERSTONE

Cornerstone India is a member firm of Cornerstone International Group. It is a retained executive search firm that specialises in CEO & CXO level searches and HR consulting services across the globe in partnership with members of Cornerstone International Group.

PRACTICE LEADER

Job Profile: Building and managing the respective practice/vertical on profit & loss basis as well as providing direction and inputs to the respective teams
Experience: 12-15 years
Location: Mumbai, Delhi & Bangalore
E-mail: akila@cornerstone.co.in
Job Code: CJ170108

KEY ACCOUNT MANAGER

Job Profile: Will be responsible for client relationship management, specialty practice groups and business development
Experience: 7-10 years
Location: Mumbai, Delhi & Bangalore
E-mail: akila@cornerstone.co.in
Job Code: CJ170109

Capparris Nest Enterprises Private Limited (CNEPL) is India's premier online information and research services on human resource and development.

MS SERVER ADMIN

Job Profile: Candidate should have strong networking fundamentals and experience with multiple storage protocols including iSCSI, CIFS and FC-SAN
Location: Chennai
Experience: 4-10 years
E-mail: resum@capparrisnest.com
Job Code: CJ169870

IT DATABASE ENGINEER

Job profile: Should have worked in high availability environment database size and should have worked in UNIX OS environment
Location: Chennai
Experience: 4-9 years
E-mail: resume@capparrisnest.com
Job Code: CJ169712

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JOBS IN SALES

- **SALES ENGINEERS (ELECTRICAL)**
  Company: ASM Engineers
  Job Profile: Should have experience in sales of LT control panels/switch boards
  Experience: 2-3 years
  Location: Ahmedabad, Chennai, Hyderabad & Visakhapatnam
  E-mail: asm.consultants@gmail.com
  Job Code: CJ168213

- **AREA SALES MANAGER**
  Company: Mass Management Services
  Job Profile: The incumbent shall be responsible for the total channel management of the wholesale route for the designated state including achievement of business targets through dealers and distributors
  Experience: 3-7 years
  Location: Delhi, Gurgaon, Noida, Faridabad & Ghaziabad
  E-mail: careers@massplacement.com
  Job Code: CJ165639

- **SALES MANAGER INSURANCE**
  Company: Opportunity The Recruitment Firm
  Job Profile: Achieve targets by recruiting agents and advisors through personal contacts and to motivate them to generate business for the company
  Experience: 2-10 years
  Location: Delhi, Gurgaon, Noida & Faridabad
  E-mail: ashish.bhasin@opportunity-india.com
  Job Code: CJ168370

- **ASSOCIATE SALES MANAGER - BANCASSURANCE**
  Company: Tacit India
  Job Profile: Responsible for identifying need and providing financial solution to the customer and strict adherence to sales process
  Experience: 1-3 years
  Location: Ahmedabad
  E-mail: kapil.tacitindia@gmail.com
  Job Code: CJ169085

- **SALES ENGINEER**
  Company: mynichejobs
  Job Profile: Sales of construction equipments to builders/engineering contractors/construction companies
  Experience: 3-10 years
  Location: Chennai
  E-mail: bank@nichejobs.in
  Job Code: CJ169766

- **SALES SPECIALIST-DESKTOPS**
  Company: Vruksham Talent Group
  Job Profile: Candidate must have been exposed on selling desktops of reputation specially to end clients
  Experience: 3-10 years
  Location: Delhi, Mumbai & Chennai
  E-mail: mamatha@vruksham.com
  Job Code: CJ153890

- **SALES MANAGER-SECURITY**
  Company: Vruksham Talent Group
  Job Profile: Incumbent is responsible for N/w Security solutions sale to corporates, drive business for BFSI segment and would be responsible for client satisfaction
  Experience: 2-10 years
  Location: Delhi, Mumbai & Chennai
  E-mail: mamatha@vruksham.com
  Job Code: CJ153825

- **DEPARTMENT MANAGER**
  Company: Options Executive Search Pvt Ltd
  Job Profile: Responsible for planning and administration of business strategies to achieve the targets set for the department
  Experience: 4-7 years
  Location: Hyderabad
  E-mail: karthik@optionsindia.com
  Job Code: CJ169688

- **SALES MANAGER**
  Company: Career Avenues
  Job Profile: To recruit, manage & motivate advisor sales and team to generate business
  Experience: 1-8 years
  Location: Delhi
  E-mail: karan.sheth03@gmail.com
  Job Code: CJ169733

- **SALES PROMOTION OFFICER**
  Company: Brain Square
  Job Profile: Responsible for meeting high profile clients, briefing the clients on the product features, ensuring the requirement of the client
  Experience: 0-2 years
  Location: Chennai
  E-mail: hr@brainsquare.co.in
  Job Code: CJ168163

- **SALES EXECUTIVE**
  Company: Hitech Placements
  Job Profile: Should take care of sales in the market, contact the architects
  Experience: 1-2 years
  Location: Bangalore
  E-mail: rekha@hitechmanpower.com
  Job Code: CJ169245

- **SALES MANAGER- LIABILITIES**
  Company: Newage Consultants
  Job Profile: Acquire new CASA customers by effectively managing the sales unit. To manage and motivate the sales team
  Experience: 2-7 years
  Location: Moradabad & Rudraprayag
  E-mail: jobs.newage@gmail.com
  Job Code: CJ161903

- **AREA SALES MANAGER**
  Company: Mass Events and Conference Management
  Job Profile: The incumbent shall be responsible for total channel management
  Experience: 3-7 years
  Location: Delhi, Gurgaon, Noida, Faridabad & Ghaziabad
  E-mail: shrish@massplacement.com
  Job Code: CJ165639

- **SENIOR SALES EXECUTIVE**
  Company: Pacific Infotech Pvt Ltd
  Job Profile: Work with the business unit director who will develop sales and marketing plans in line with the company's development strategy
  Experience: 2-7 years
  Location: Bangalore
  E-mail: nayananhr@pacificinfotech.com
  Job Code: CJ169299

- **AREA SALES MANAGER**
  Company: Needs & Solutions
  Job Profile: Area sales managers will be independently handling cubicles and other businesses in which they have to primarily deal with architects
  Experience: 4-7 years
  Location: Delhi & Mumbai
  E-mail: jobs@needsmail.com
  Job Code: CJ144565

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Jobs in Senior Management

- **GM - NEW HI-TECH PROJECT**
  Company: JSK Marketing Pvt. Ltd.
  Job Profile: The incumbent will be sourcing the products from China and other countries including India. Sales will be mostly to institutions, direct users and also OEM
  Experience: 10-15 years
  Location: Mumbai
  E-mail: jskmpl@hotmail.com
  Job Code: CJ168633

- **INSURANCE VERTICAL HEAD**
  Company: Techs To Suit
  Job Profile: Strong understanding of key business processes and IT challenges in some of the insurance domain. Strong technical expertise (software/software services)
  Experience: 18-22 years
  Location: Delhi
  E-mail: ritur@techstosuit.com
  Job Code: CJ169303

- **MANAGING DIRECTOR**
  Company: Doodle Ace Consultants
  Job Profile: Should head the India engineering centre. Should have worked in aggressive delivery projects
  Experience: 15 years
  Location: Bangalore
  E-mail: vinoo@doodleace.com
  Job Code: CJ169643

- **NATIONAL PRE SALES**
  Company: Vruksham Talent Group
  Job Profile: Responsible for designing CISCO Convergence Solutions (Enterprise VoIP+ networking). Perform in-depth and high-level technical presentations for customers
  Experience: 6-8 years
  Location: Bangalore, Pune & Chennai
  E-mail: bangalore2@vruksham.com
  Job Code: CJ169684

- **DIRECTOR/VP QUALITY**
  Company: Live Connections
  Job Profile: Looking for a dynamic quality person with Master Black Belt or Black Belt certified
  Experience: 12-20 years
  Location: Chennai
  E-mail: sudhar@livecjobs.com
  Job Code: CJ169729

- **DIRECTOR OF EDA SOFTWARE CENTRE**
  Company: Doodle Ace Consultants
  Job Profile: Key influencer in the India R&D hub and across the organisation, who is required to build lasting relationships across the company
  Experience: 12-16 years
  Location: Hyderabad
  E-mail: vinoo@doodleace.com
  Job Code: CJ169565

- **REGIONAL HEAD HR**
  Company: Teamworx
  Job Profile: Set up HR structures and manage the HR processes in West/North and implement restructuring
  Experience: 9-15 years
  Location: Delhi & Mumbai
  E-mail: deepak@theteamworx.com
  Job Code: CJ169007

- **DIRECTOR OF TECHNOLOGY**
  Company: Kareer Edge Technologies
  Job Profile: Should have experience in development and design of enterprise class application or products
  Experience: 10-15 years
  Location: Bangalore
  E-mail: ket002@ketindia.com
  Job Code: CJ169047

- **DIRECTOR- GLOBAL SERVICES PRACTICE FOR NETWORKING**
  Company: Peopleplus Professional Services Pvt Ltd
  Job Profile: Increase GSP's relevance by enhancing customer advocacy's top line, margin and customer satisfaction
  Experience: 12-16 years
  Location: Bangalore
  E-mail: jancy@peopleplusindia.com
  Job Code: CJ165039

- **HR HEAD**
  Company: Prlific Integrated Software Services
  Job Profile: Will be responsible for coaching, monitoring and performance assessment of group members
  Experience: 8-12 years
  Location: Bangalore
  E-mail: monika@prolificiss.com
  Job Code: CJ168769

- **GENERAL MANAGER - PURCHASE**
  Company: Kadevi Engineering Company
  Job Profile: Responsible for vendor development and meeting the departmental requirements on timely basis. Maintaining all machinery and spares specifications
  Experience: 8-15 years
  Location: Hyderabad
  E-mail: k.l.n.murthy@kadevigroup.net
  Job Code: CJ168804

- **GM - GROUND OPERATION/ CUSTOMER SERVICES**
  Company: Sagacia
  Job Profile: Should take care of entire airport set-up recruitment & training budgeting operations
  Experience: 15-25 years
  Location: Mumbai
  E-mail: usha@sagacia.in
  Job Code: CJ168636

- **HEAD-LIFE INSURANCE**
  Company: Financial Services Major
  Job profile: Should be in-charge of sales and marketing of life insurance and should have handled team of area sales manager and team leaders
  Location: Mumbai
  Experience: 4-8 years
  E-mail: p_kunder2000@yahoo.co.in
  Job Code: CJ169934

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JOBS IN FINANCE

- **ASSISTANT VICE-PRESIDENT**
  Company: Mass Management Services
  Job Profile: Should have experience in handling the private equity transactions from origin to completion
  Experience: 4+ years
  Location: Delhi
  E-mail: shrishbenjwal0508@yahoo.co.in
  Job Code: CJ169255

- **CHIEF FINANCIAL OFFICER**
  Company: Tacit India
  Job Profile: Should handled businesses with milti-locational operations that has successfully facilitated businesses with 500+ people with revenues exceeding Rs 100 crore
  Experience: 8-10 years
  Location: Ahmedabad
  E-mail: kapil.tacitindia@gmail.com
  Job Code: CJ168619

- **COMMERCIAL MANAGER**
  Company: GoldSeal-Saargummi India Pvt Ltd
  Job Profile: Responsible for purchases, excise, sales tax, TDS, service tax & collection and ability to interpret legal matters
  Experience: 5-10 years
  Location: Mumbai
  E-mail: diana@goldseal.in
  Job Code: CJ168749

- **GM FINANCE AND ACCOUNTS**
  Company: JSK Marketing Pvt. Ltd.
  Job Profile: The incumbent will head the accounts department at HO and will be responsible for controlling & consolidation of branch accounts, financial statements including bank arrangements & cash flows
  Experience: 10-15 years
  Location: Mumbai
  E-mail: jskmpl@hotmail.com
  Job Code: CJ168630

- **ACCOUNT HEAD**
  Company: Esource Global
  Job Profile: Maximise the effectiveness of channel partner's sales teams, through knowledge transfer of selling techniques and positioning during joint calls
  Experience: 7+ years
  Location: Mumbai
  E-mail: charan@esourceglobalhr.com
  Job Code: CJ169622

- **CA'S/FINANCE EXECUTIVE**
  Company: A Client of Spaasm Technologies
  Job Profile: Involved in drafting reports, proposals, finalizing advices, opinions for clients
  Experience: 0-3 years
  Location: Gurgaon
  E-mail: sid@spaasmworld.com
  Job Code: CJ169601

- **BRANCH MANAGER-MONEY**
  Company: Newage Consultants
  Job Profile: Responsible for achieving the sales targets for all products, empanelling the distributors under his fold and resolving their queries and keeping the turn around time as short as possible
  Experience: 2-8 years
  Location: Mumbai
  E-mail: jobs.newage@gmail.com
  Job Code: CJ157731

- **ASSISTANT VICE-PRESIDENT**
  Company: Mass Events and Conference Management
  Job Profile: Experience of handling the private equity transactions from origin to completion
  Experience: 4+ years
  Location: Delhi
  E-mail: shrishbenjwal0508@yahoo.co.in
  Job Code: CJ169255

- **FINANCIAL SALES CONSULTANT**
  Company: Career Avenues
  Job Profile: Selling of different financial products, educating clients on services offered, generating leads
  Experience: 0-3 years
  Location: Bhubaneshwar & Cuttack
  E-mail: sushma@careeravenues.net
  Job Code: CJ169296

- **MANAGER - INDIRECT TAX**
  Company: Pegasus Staffing Solutions
  Job Profile: Review drafts and opinions prepared by associates on indirect tax aspects
  Experience: 6-7 years
  Location: Chennai
  E-mail: finanz@pegasusstaffing.com
  Job Code: CJ169300

- **FINANCIAL MANAGER**
  Company: Evolution Corporate Solutions
  Job Profile: To create MIS, audit and accounting systems for effective corporate governance and monitor them
  Experience: 4-8 years
  Location: Bangalore
  E-mail: placements@inbox.com
  Job Code: CJ133144

- **FINANCE & ACCOUNTING PRACTICE**
  Company: Evolution Corporate Solutions
  Job Profile: Responsible for building training modules, process maps, domain presentations, and assessment study templates
  Experience: 10-14 years
  Location: Delhi, Mumbai & Chennai
  E-mail: placements@inbox.com
  Job Code: CJ159285

- **FIELD AUDITOR**
  Company: Ujjivan Financial Services Pvt Ltd
  Job Profile: Conduct short audit, surprise audit as per plan, covering the branch processes and field processes with absolute field focus and making relevant field observations on the above processes
  Experience: 0-3 years
  Location: Bangalore
  E-mail: manali.thacker@ujjivan.com
  Job Code: CJ158589

- **CREDIT MANAGER**
  Company: Ujjivan Financial Services Pvt Ltd
  Job Profile: Credit Manager will focus on monitoring credit discipline in the Bangalore region
  Experience: 0-4 years
  Location: Delhi
  E-mail: manali.thacker@ujjivan.com
  Job Code: CJ167517

- **DEBT DEALERS**
  Company: Client of Horizon 7 Services
  Job Profile: Knowledge in dealing with Non SLR Securities i.e. Bonds, CDs, CPs, etc. in the secondary market
  Experience: 2-15 years
  Location: Mumbai
  E-mail: admin@pasi.co.in
  Job Code: CJ169023

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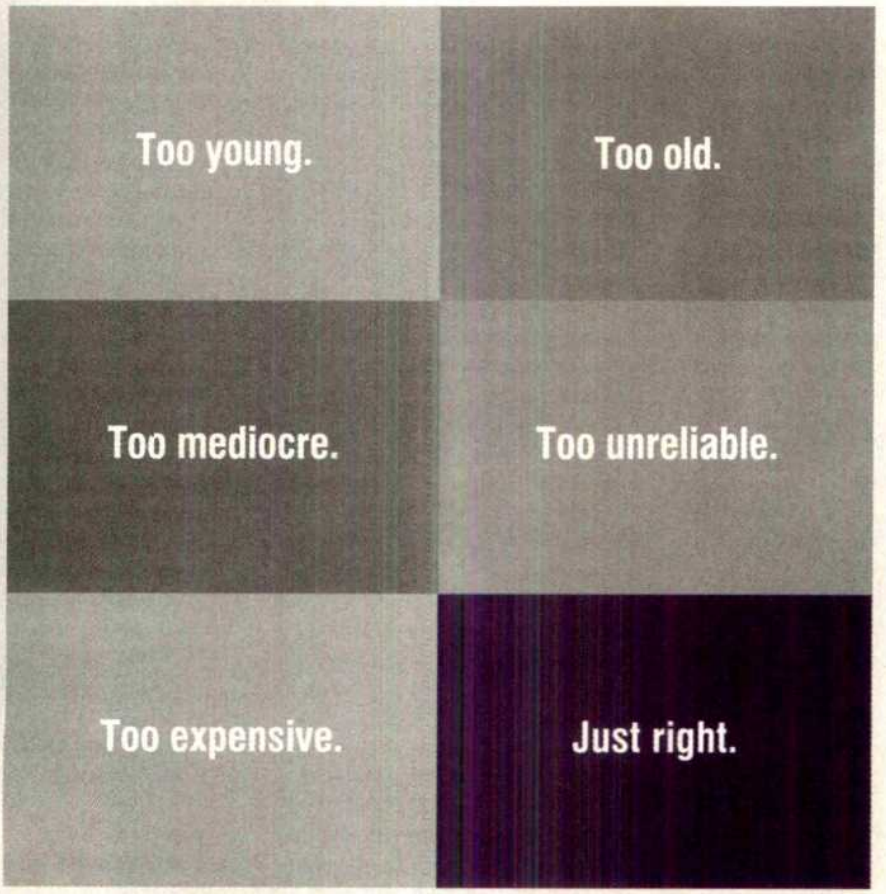

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JOBS IN INFORMATION TECHNOLOGY

- **SOFTWARE/SENIOR SOFTWARE ENGINEER-SET TOP BOX, MPEG**
  Company: Mah India
  Job Profile: Candidate must be skilled in MPEG demux, IPTV, Set-Top-Box, RTOS
  Experience: 7-10 years
  Location: Delhi
  E-mail: chandan@mahindia.com
  Job Code: CJ168859

- **SAP CONSULTANTS**
  Company: Sage Technologies
  Job Profile: Candidate should be a SAP professional with a minimum of 2+ years of experience in SAP R/3 and new dimension like CRM/SRM/SEM/APO/Basis and ABAP
  Experience: 2-20 years
  Location: Delhi, Mumbai & Chennai
  E-mail: resume_rpo@sagetl.com
  Job Code: CJ163050

- **ANALOG DESIGN MANAGER**
  Company: The Human Capital
  Job Profile: Should have experience in analog design, mixed signal design, charge pumps, band-gap reference, LDOs, oscillators
  Experience: 9-18 years
  Location: Bangalore
  E-mail: uday@thehumancapital.net
  Job Code: CJ158369

- **DSP SYSTEM ENGINEER FOR WIMAX**
  Company: The Human Capital
  Job Profile: Should have experience in DSP, WiMAX, 3G, C, Algorithms, WLAN, Realtime C, Starcore DSP, 3G LTE, Physical Layer, MAC Layer
  Experience: 2-7 years
  Location: Noida
  E-mail: uday@thehumancapital.net
  Job Code: CJ159969

- **AS/400 MODULE LEAD AND PROJECT LEAD**
  Company: Askexim Services Private Limited
  Job Profile: Candidate should be working in IBM AS/400 environment. Should have worked on RPG/ILE, CL/400, SDA/400, SQL/400
  Experience: 4-9 years
  Location: Pune & Chennai
  E-mail: rajnish@askexim.in
  Job Code: CJ152033

- **NATIONAL PRE SALES**
  Company: Vruksham Talent Group
  Job Profile: Responsible for design CISCO convergence solutions (Enterprise VoIP+ networking). Perform in-depth and high-level technical presentations for customers
  Experience: 6-8 years
  Location: Bangalore, Hyderabad & Chennai
  E-mail: bangalore2@vruksham.com
  Job Code: CJ169684

- **SOFTWARE DEVELOPMENT ENGINEERS**
  Company: MAH India
  Job Profile: Experience in software development for intelligent networks/large switching systems knowledge of basic call processing, digital switching fundamentals, network architectures
  Experience: 2-5 years
  Location: Delhi, Bangalore & Hyderabad
  E-mail: priarna@mahindia.com
  Job Code: CJ169456

- **ERP IMPLEMENTATION**
  Company: Satyam Sri Services
  Job Profile: The candidate need to have experience in the implementation of Microsoft Navision
  Experience: 2-6 years
  Location: Bangalore
  E-mail: hr@satyamsri.com
  Job Code: CJ165677

- **JAVA SR. SOFTWARE ENGG/TEAM LEAD**
  Company: Altech Star Solution
  Job Profile: Should have working experience in JSP, Servelts and Struts, hiberrate with 4 years experience in Java Tech
  Experience: 4-8 years
  Location: Chennai
  E-mail: careers@altechindia.com
  Job Code: CJ168731

- **CUSTOMER SERVICE/TECHNICAL SUPPORT/COLLECTORS**
  Company: Firstsource Solutions Limited
  Job Profile: Candidates must have an excellent command over spoken and written English
  Experience: 1-5 years
  Location: Mumbai
  E-mail: mayuri.vora@firstsource.com
  Job Code: CJ135984

- **C++/VC++ DEVELOPER**
  Company: Roland & Associates
  Job Profile: Should have sound knowledge in C/C++/ VC++ with Windows and Mac
  Experience: 2-4 years
  Location: Bangalore
  E-mail: nirmala@roljobs.com
  Job Code: CJ169564

- **TECHNICAL LEAD**
  Company: Merrin & Associates
  Job Profile: Should have 7-9 years of experience in technical lead position with j2ee, web services and SOA skills
  Experience: 7-9 years
  Location: Bangalore
  E-mail: merrinassociates@gmail.com
  Job Code: CJ169568

- **PLATFORM DEVELOPER (J2EE)**
  Company: Ekartha (I) Pvt Ltd.
  Job Profile: You will participate in designing and building a platform for on-demand and SaaS-enabled software. Your most vital asset will be your knack for innovation and your ability to conceptualise new technologies
  Experience: 5-8 years
  Location: Pune
  E-mail: jobs@ekartha.com
  Job Code: CJ138568

- **LOADRUNNER PERFORMANCE TEST ENGINEERS**
  Company: Mahaveer Infoway Ltd
  Job Profile: Will be reporting testing status & metrics to middle and/or senior management and track defects to closure. Creating test strategy, test plans, test cases, trace ability matrix
  Experience: 1-4 years
  Location: Chennai, Bangalore & Hyderabad
  E-mail: dilip.sharma@minfy.com
  Job Code: CJ169629

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JOBS IN MANUFACTURING & ENGINEERING

- **PRODUCTION MANAGER**
  Company: GoldSeal-Saargummi India Pvt Ltd
  Job Profile: To lead a production team to achieve quality & quantity monthly targets
  Experience: 5-10 years
  Location: Daman- Near Vapi & Gujarat
  E-mail: diana@goldseal.in
  Job Code: CJ168203

- **SR. ENGINEER-HARDWARE DESIGN**
  Company: Elico Ltd.
  Job Profile: Experience in embedded hardware design, including architecture, implementation, testing, documentation, release and support
  Experience: 3-6 years
  Location: Hyderabad
  E-mail: hrd@elicoltd.com
  Job Code: CJ169292

- **ANSYS/ABAQUS ENGINEER**
  Company: Askexim Services Private Limited
  Job profile: Good knowledge of basics in structural and/or thermal CAD background desirable-in CatiaV5 or Pro/E
  Experience: 2-10 years
  Location: Bangalore
  E-mail: Boschteam@askexim.in
  Job Code: CJ163971

- **HYDRAULICS TESTING ENGINEER**
  Company: Askexim Services Private Limited
  Job Profile: Exposure to usage of hydraulic simulation tools will be added advantage
  Experience: 1-3 years
  Location: Bangalore
  E-mail: Boschteam@askexim.in
  Job Code: CJ163968

- **SERVICE ENGINEER**
  Company: Hitech Placements
  Job Profile: Should have experience in handling CNC machines
  Experience: 1-2 years
  Location: Bangalore
  E-mail: cv@hitechmamanpower.com
  Job Code: CJ169603

- **SUPERVISOR- FOOTWEAR**
  Company: Newage Consultants
  Job Profile: Supervising a team of workers in the line of production for sports and leather footwear
  Experience: 3-15 years
  Location: Faridabad & Agra
  E-mail: vishal.newage@gmail.com
  Job Code: CJ168011

- **PRODUCTION MANAGER- STICHING**
  Company: Newage Consultants
  Job Profile: To manage the stitching production of sports and leather footwear for a MNC. The person should be either technical graduate or diploma in leather or footwear designing and production
  Experience: 6-13 years
  Location: Faridabad
  E-mail: vishal.newage@gmail.com
  Job Code: CJ167712

- **AUTOCAD DESIGN ENGINEERS**
  Company: Meksol India
  Job Profile: Experience in automotive & machine design would be preferred
  Experience: 0-1 years
  Location: Bangalore
  E-mail: hr_meksol@rediffmail.com
  Job Code: CJ168853

- **DEE PRODUCTION/ELECTRICALS**
  Company: Karier Kansultants
  Job Profile: DEE with good knowledge in manufacturing industry with experience in welding machines, transformers, Amc maintenance
  Experience: 3-5 years
  Location: Pune
  E-mail: futurejobs_kk@rediffmail.com
  Job Code: CJ142515

- **FIRMWARE DESIGN LEAD ENGINEER**
  Company: GE India Exports Pvt. Ltd.
  Job Profile: Will be involved in all phases of board-level hardware development. Will be working in small, self-motivated teams transforming customer requirements into product requirements
  Experience: 4-7 years
  Location: Hyderabad
  E-mail: neelima.v2@ge.com
  Job Code: CJ167625

- **MECHANICAL DESIGN ENGINEER**
  Company: GE India Exports Pvt. Ltd.
  Job Profile: Will be responsible for all design related activities like- conceptual designs, design analysis, prototype building and product testing
  Experience: 2-5 years
  Location: Hyderabad
  E-mail: neelima.v2@ge.com
  Job Code: CJ167648

- **ENGINEER - AUTOMATION**
  Company: Hitech Placements
  Job Profile: Responsible for automation or maintenance department in manufacturing industry
  Experience: 3-5 years
  Location: Delhi
  E-mail: global.jobs@hitechmanpower.com
  Job Code: CJ168872

- **EXECUTIVE-PRODUCTION - PAINTS**
  Company: Pegasus Staffing Solutions
  Job Profile: Should have 7+ years of experience in managing batch production activities in a process industry
  Experience: 7-8 years
  Location: Chennai
  E-mail: engg@pegasusstaffing.com
  Job Code: CJ168789

- **TOOL ROOM INCHARGE**
  Company: Hitech Placements
  Job Profile: Responsible for component design & drawings for gang tools & die casting tools using AutoCAD for machining
  Experience: 2-3 years
  Location: Bangalore
  E-mail: pushpa@hitechmanpower.com
  Job Code: CJ170380

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JOBS IN MARKETING & COMMUNICATIONS

- **MARKETING DIRECTOR**
  Company: Esource Global
  Job Profile: To build a team anchored in values and motivated to achieve its vision and mission to develop the teams capabilities to ensure objectives are met
  Experience: 5+ years
  Location: Mumbai
  E-mail: charan@esourceglobalhr.com
  Job Code: CJ169612

- **MARKETING HEAD**
  Company: Esource Global
  Job Profile: Develop and manage cooperative marketing partnerships, media partnerships and outsourcing arrangements to lower operating costs
  Experience: 5+ years
  Location: Mumbai
  E-mail: charan@esourceglobalhr.com
  Job Code: CJ169617

- **BUSINESS DEVELOPMENT EXECUTIVE**
  Company: Meksol india
  Job Profile: Should have good knowledge in marketing & product management
  Experience: 0-2 years
  Location: Bangalore
  E-mail: veena_meksol@rediffmail.com
  Job Code: CJ168775

- **SENIOR MANAGER MARKETING**
  Company: Meksol India
  Job Profile: DGM and above exposed to the marketing of villas above Rs 1.5 crore with 10+ years of experience
  Experience: 10-12 years
  Location: Bangalore
  E-mail: hr_meksol@rediffmail.com
  Job Code: CJ169765

- **MARKETING EXECUTIVE**
  Company: Hitech Placements
  Job Profile: Should have background knowledge of marketing and sales with at least one year experience
  Experience: 1-3 years
  Location: Bangalore
  E-mail: hr@hitechmanpower.com
  Job Code: CJ169478

- **PROMOTIONS EXECUTIVE**
  Company: Teamworx Consulting
  Job Profile: To develop a suitable marketing strategy and action plan for area consistent with the share and volume objectives of the business
  Experience: 3-6 years
  Location: Mumbai
  E-mail: mubina@theteamworx.com
  Job Code: CJ169426

- **SENIOR MARKETING EXECUTIVE**
  Company: GNG Group
  Job Profile: To seek appointments and attend to large contractors, PSUs such as L&T, Siemens, KLG Systel, Gammon and Power Grid, Rites, NHPC, NTPC & contractors of Railways, Defence and CPWD respectively
  Experience: 2-5 years
  Location: Gurgaon
  E-mail: marketing@gnggroup.com
  Job Code: CJ168917

- **ASSISTANT MANAGER - MARKETING**
  Company: GNG Group
  Job Profile: The person will be responsible for tender search and marketing process
  Experience: 2-5 years
  Location: Delhi & Gurgaon
  E-mail: marketing@gnggroup.com
  Job Code: CJ156693

- **MARKETING EXECUTIVE**
  Company: Derby Communications (India) Pvt. Ltd.
  Job Profile: Handling key accounts of the brand and work out cross-promotions with brand's merchant establishments
  Experience: 0-1 years
  Location: Delhi
  E-mail: delhi@derbyindia.com
  Job Code: CJ159293

- **PRODUCT MANAGER**
  Company: Evolution Corporate Solutions
  Job Profile: Achievement of pre-determined market shares and product profitability. Preparation of product budgets and contributing in cost improvement programmes
  Experience: 4-8 years
  Location: Bangalore
  E-mail: placements@gmail.com
  Job Code: CJ132877

- **MANAGEMENT TRAINEE**
  Company: Evolution Corporate Solutions
  Job Profile: The candidate should have excellent communication skills and fair knowledge of marketing
  Experience: 0-3 years
  Location: Bangalore
  E-mail: placements@inbox.com
  Job Code: CJ131108

- **TELEMARKETING EXECUTIVE (FEMALE)**
  Company: Smiles Placements
  Job Profile: Candidates should have 2 years experience in the telemarketing field
  Experience: 0-2 years
  Location: Pune
  E-mail: smilesclick@rediffmail.com
  Job Code: CJ168693

- **JUNIOR MARKETING OFFICER**
  Company: Resources Placements
  Job Profile: Candidates with good communication skills and personality. Should have experience in letter writing and telecalling
  Experience: 1-2 years
  Location: Pune
  E-mail: resourcespune@gmail.com
  Job Code: CJ168035

- **BRAND MANAGER**
  Company: Corp Placements
  Job Profile: The incumbent will be responsible for defining the strategic positioning of the brand
  Experience: 2-8 years
  Location: Mumbai
  E-mail: jomon@corpplacements.com
  Job Code: CJ169541

- **MARKETING EXECUTIVE**
  Company: Derby Communications (India) Pvt. Ltd.
  Job profile: Handling key accounts of the brand, work out cross promotions with brand's merchant establishments
  Experience: 0-1 years
  Location: Delhi
  E-mail: delhi@derbyindia.com
  Job Code: CJ159293

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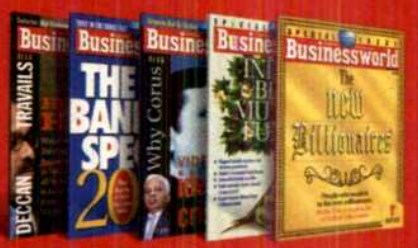

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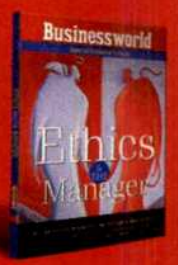

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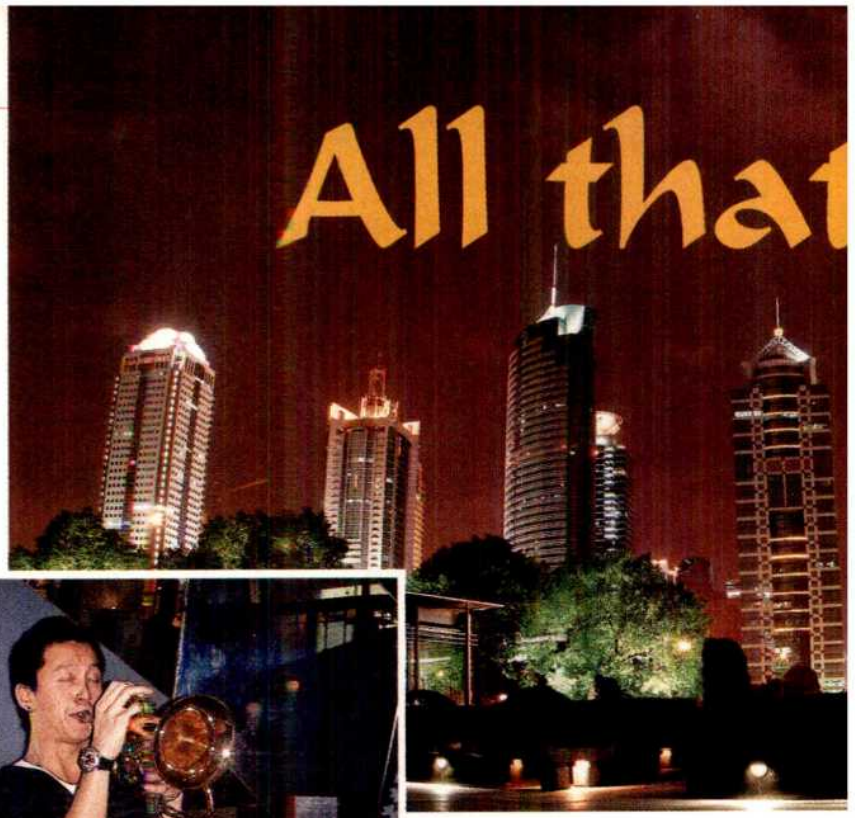
All that

The fusion of western and Asian talent revives an almost forgotten genre of music, in Shanghai



▲ **SLEEPLESS IN SHANGHAI:** The futuristic skyline of Shanghai is a testament to the city's modernity

RAVI SHEKHAR PANDEY

▲ **MUSICAL MELANGE:** Foreign and local musicians come together to play at CJW, a local jazz hot spot

SUMATI NAGRATH

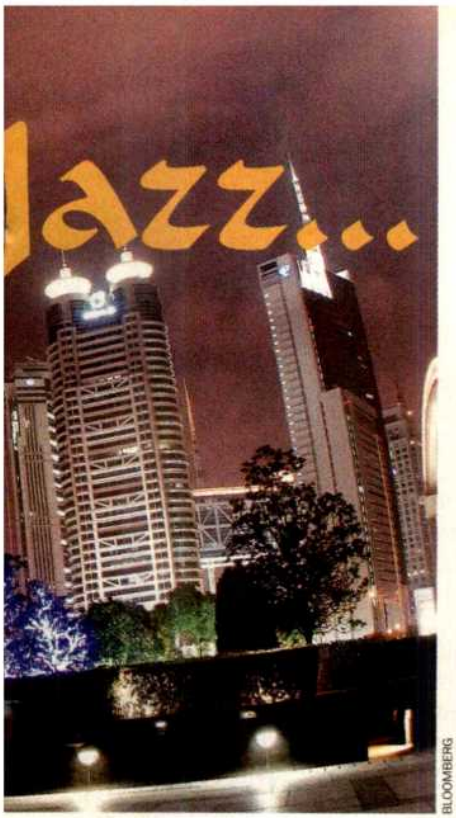
IT'S past midnight and the temperature is near freezing. The streets are deserted. You wrap the scarf around a bit tighter as you try and find the way to your hotel. Suddenly a door ahead on the right opens slightly and light spills onto the pavement. You can just about hear the haunting notes of a trumpet coming from somewhere beyond that door. Lured by the music and the promise of some warmth, you step in.

There is a round of applause for the quartet on the stage, which has just finished playing its second set of the evening. By the time you wade through the rather eclectic looking crowd and the heavy cigarette smoke to settle down with your cognac, the band is ready to play again. You read the poster advertising the programme — 'Theo Croker and Band at the House of Blues and Jazz'.

With its dark wood panelling, antique fixtures, and walls adorned with images of jazz legends and previous house bands, the House of Blues and Jazz could easily be anywhere in the US or in Europe. Only it isn't New York, Chicago, Los Angeles, London or Paris that you are in. It is in fact Shanghai, where discovering jazz bars by accident is not as uncommon as you would think.

The origin of jazz in the city can be traced right back to the late 1920s and early 1930s — a time when Shanghai was known as the Paris of the East. But this original American musical art form, born out of a confluence of European and African music traditions, was termed decadent by the Communist Party and banned in the late 1940s. Today there has been a revival of jazz in China's largest city, which has quickly become home to a new generation of jazz players, a majority of whom are still in their 20s. A trend that began at the turn of the century has now become institutionalised in bars and lounges across Shanghai, and showcases the city's new spirit of creativity and innovation. There is even a jazz school in Shanghai called the JZ School, which opened in 2006 and provides the education and discipline necessary to hone new talent.

With one of the oldest and most legendary bands no longer playing — the Old Jazz Band at the Peace Hotel on the Bund's Jazz Bar, founded in 1980 and comprising six veteran musicians whose average age was above 70 — tourists and locals alike have turned to some of the newer and more trendy bars to get their regular dose of jazz.



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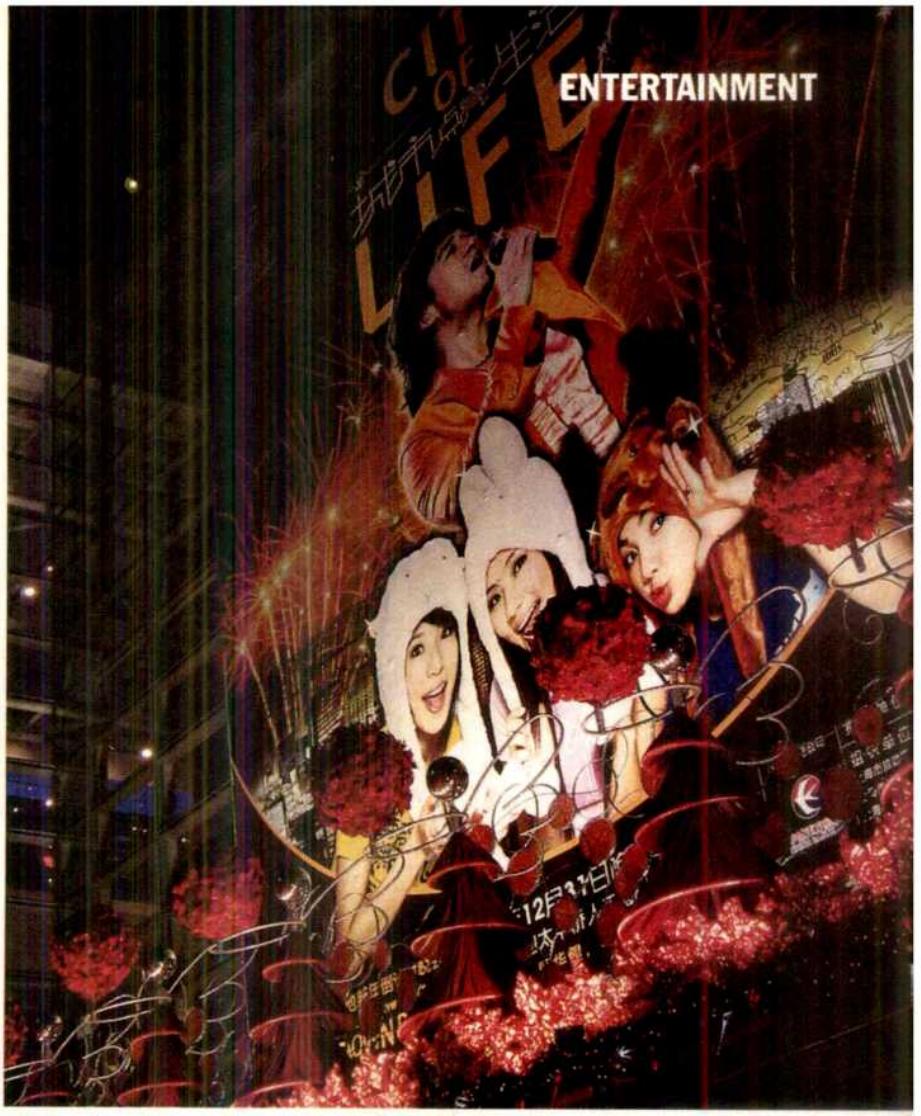


MAYA CULAS

▲ **COLOUR BURST:** An eclectic fare of music and theatre contributes to the city's vibrant nightlife

The most popular is, perhaps, Cigar/Jazz/Wine or CJW. Located on the top floor of the 50-storey Bund Centre, CJW offers a panoramic view of Shanghai's colonial architecture as well as its futuristic and rapidly changing skyline. The interiors, with dangling crystals and beaded curtains, reflect this duality. The house jazz band plays every night of the week well past 1 a.m. CJW's other venue, with minimalist interiors, is located in the upmarket and rather stylish restaurant complex of Xintiandi. A favourite of the well-heeled Shanghainese, the restaurants here are housed within several rows of rehabilitated buildings. With exposed brick and stone exteriors and pedestrianised lanes, the two-block complex has a decidedly European feel.

People who have previously played at CJW Jazz Band include well known New York vocalist Deborah Davies and drummer Craig Haynes. While Davies has performed with jazz greats such as Ray Brown and Lionel Hampton, Haynes is the oldest son of the legendary drummer Roy Haynes. It has to be said that a significant number of artists who play at venues such as CJW and House of Blues and Jazz hail from the US and are in residency programmes, which last between six weeks and six months.

But this is not to say that there isn't any local talent. Foreign musicians and vocalists, a number of whom are of Chinese ancestry, regularly jam with local Chinese ones and together they play a lot of really original and creative material along with the standard classics. These regular jamming sessions as well as forays abroad help the local musicians keep their music contemporary, innovative and expand their repertoire.

The crowd at these venues is equally mixed. While the foreign faces — expatriates and tourists — tend to dominate on the odd occasion, the local population provides the core audience, which is necessary for any art form to flourish. The jazz revival is not restricted to Shanghai. It is as popular with the residents of Beijing, with the city hosting an annual jazz festival that sees artists from all over the world participate.

Other venues in Shanghai that promise an evening of wonderful jazz include Cotton Club in Fuxing Xi Lu, JZ Club on West Fuxing Road and Number Five along the historic Bund. Bars at hotels such as the Pudong Shangri-La and the Shanghai Hilton Hotel are also fast developing into regular jazz venues. Of these JZ Club is perhaps the only one that has a 'strictly jazz' policy and features a different group, live, every night of the week. They all offer an extensive selection of wines, spirits and cigars.

But jazz is not all that the city has to offer. For the shopaholics, Shanghai is the place to pick up Prada or Louis Vuitton handbags, Christian Dior sunglasses, Gucci belts and Rolex watches at a fraction of the price of the originals — latest knock-offs of the best quality are available. Grab your wallet, practice your bargaining skills and head straight for Qi Pu road to get your fix.

As you shuttle between the bars and the shopping, don't completely forget to 'soak in the culture'. Take a detour to the Jade Buddha Temple. ■

photo essay

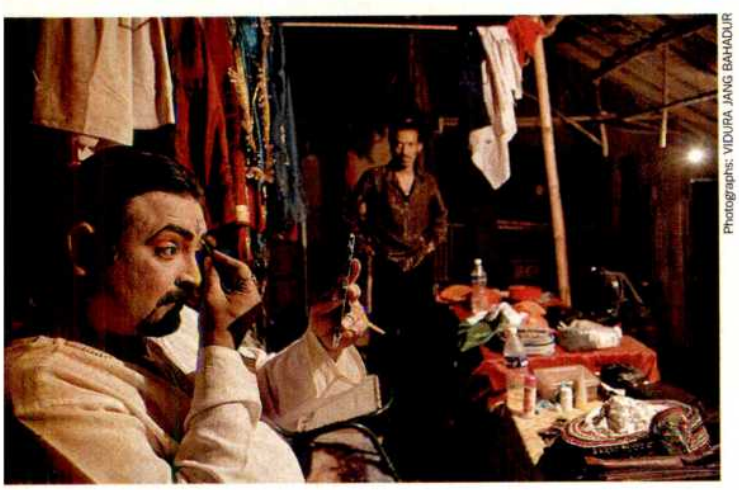
Pilgrims

VIDURA JANG BAHADUR

MAN, beast and commerce converge at Sonepur in Bihar on Kartik Purnima to commemorate one of the great local legends: Two kings, turned into an elephant and a crocodile by a curse, fought for years in Sonepur until Lord Vishnu saved the elephant by annihilating the crocodile. Thereafter, he removed the curse on both the kings. Entertainment and shopping lighten up the spiritual intensity of the occasion. Magician Kuldeep Kumar Mishra thrills the devotees by turning a woman in western dress into a sari-clad lady. Karma and cabaret go on side by side in this celebration of life. Commerce literally takes gigantic proportions during elephant trade. Though law prohibits it, the sellers 'donate' the animal to the buyer in exchange for a 'gift'. Anyway, there is always the holy dip to purify it all. ■

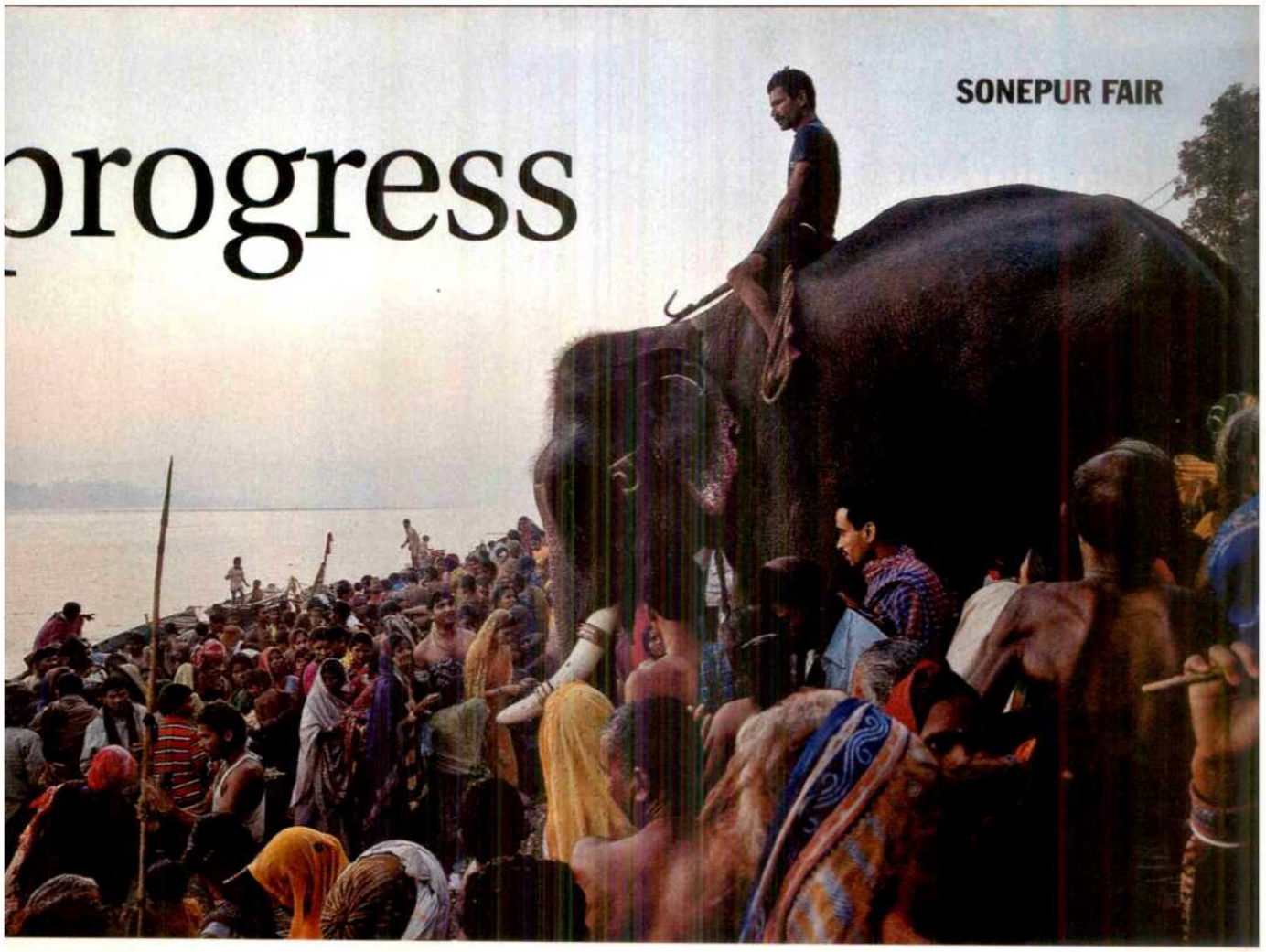
(Clockwise from top left) A man prays at Sonepur mela; mainly a cattle fair, Sonepur is also famous for its unique elephant trade; pilgrims at the Gandak river; there have been calls to ban obscene theatre in the fair; barbed wire protects cabaret dancers from drunk crowds; to promote their products, companies use various ways, including men on stilts who distribute samples; magician Kuldeep Kumar Mishra puts on make-up in his makeshift green room.

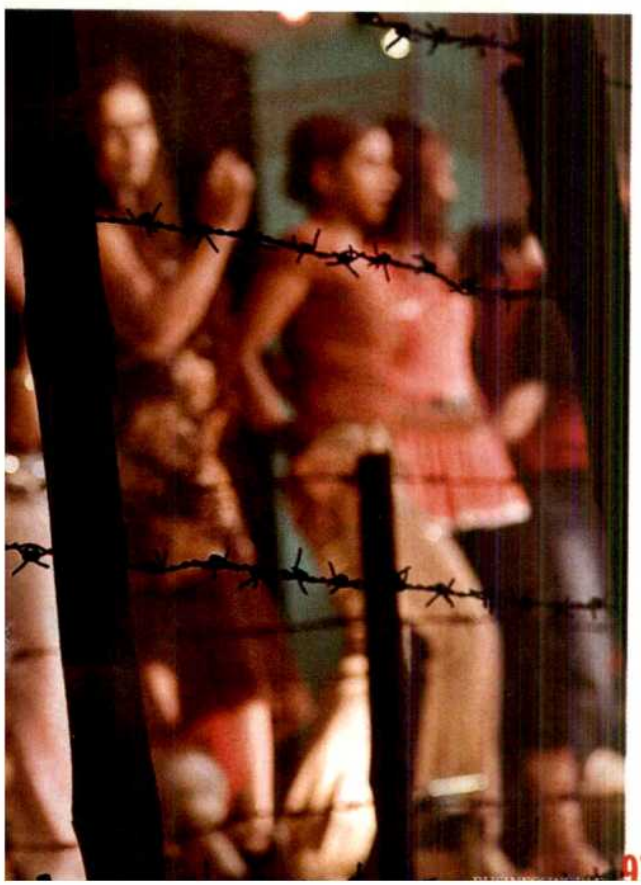
Photographs: VIDURA JANG BAHADUR



progress

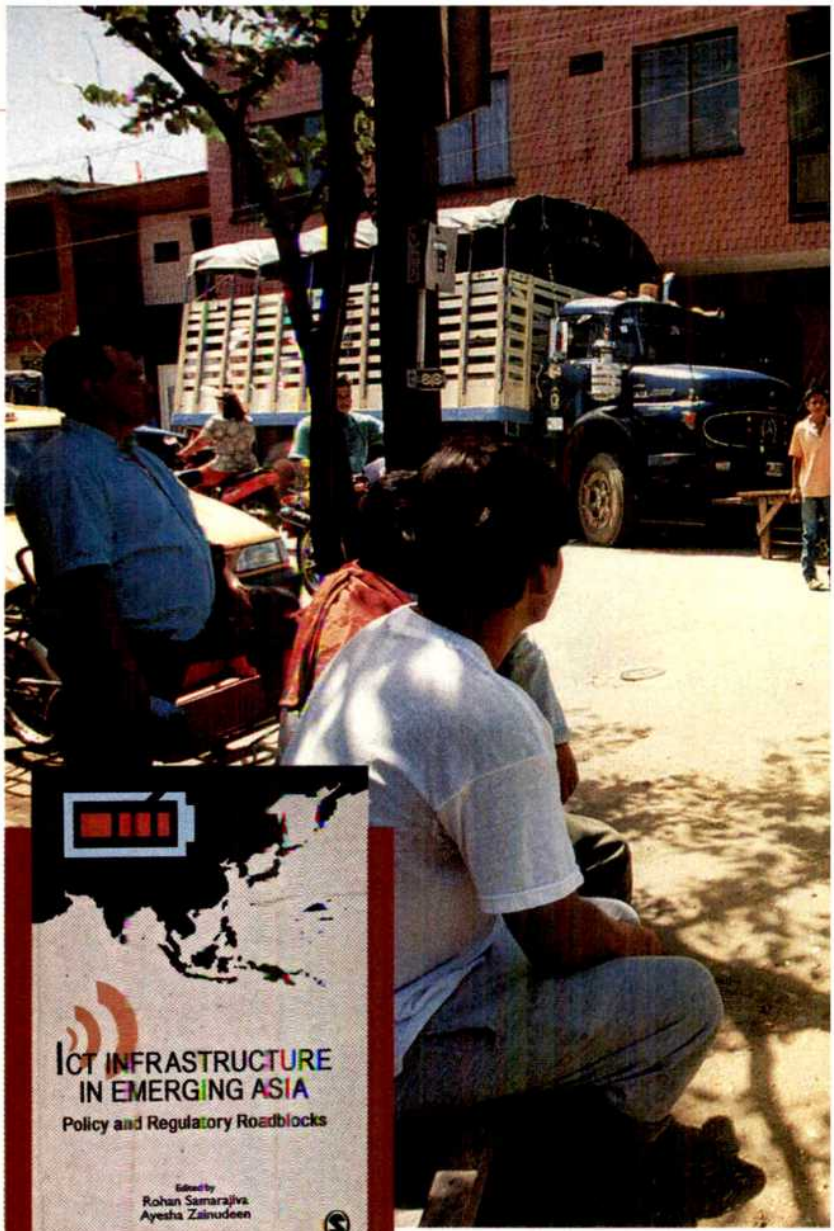
SONEPUR FAIR





bookmark

The Latin American experience holds lessons for the development of rural telephony in Asia, says Harsha De Silva



ICT INFRASTRUCTURE IN EMERGING ASIA

Policy and Regulatory Roadblocks

Edited by Rohan Samarajiva and Ayesha Zainudeen

Sage Publications

Pages: 333; Price: Rs 595

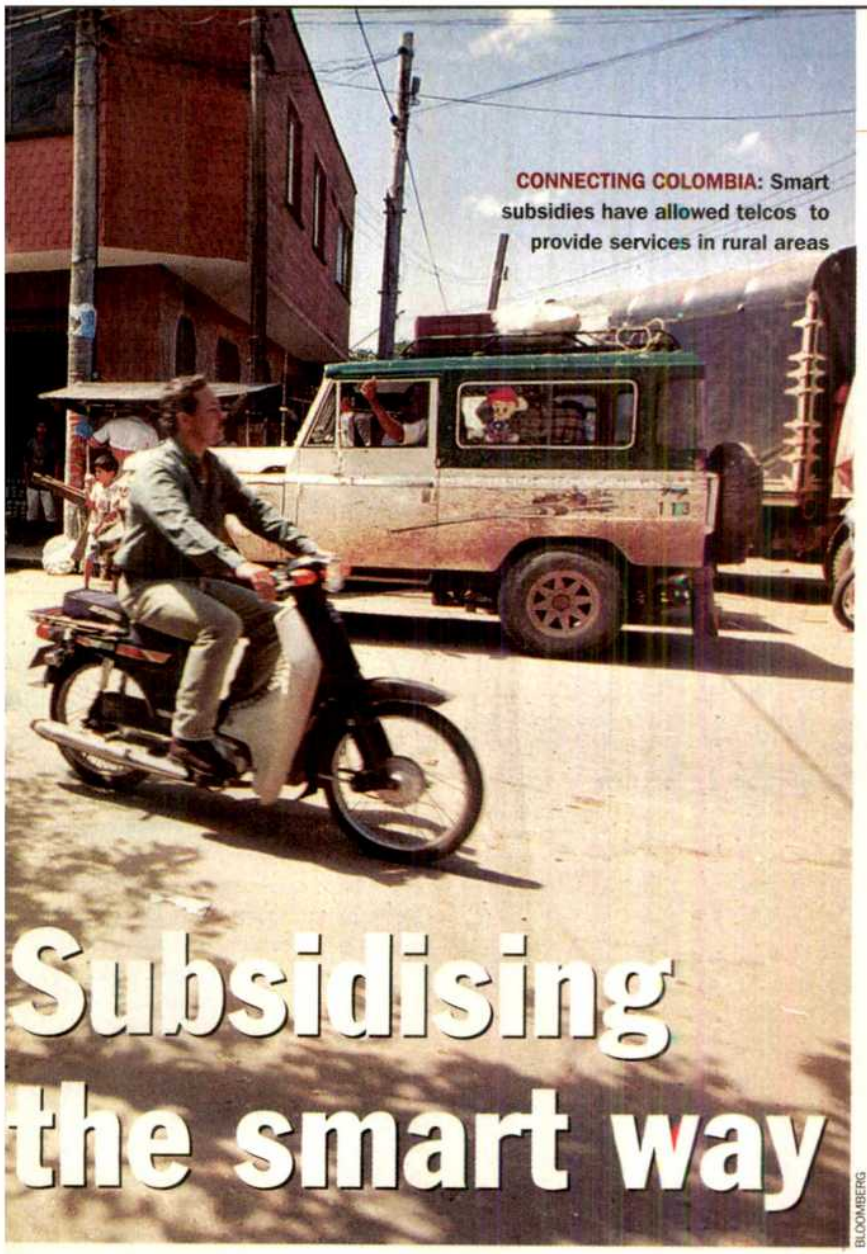
THE supply of telephony has traditionally been skewed towards the urban affluent as opposed to the rural poor. The literature describes this bias as having been caused by a 'market efficiency gap' and an 'access gap'. The market efficiency gap is the difference between what markets achieve under existing conditions and what they can achieve if barriers are removed. This gap can be bridged through effective competition, private provision of services, and market-oriented policies and regulations that create a level playing field for new entrants. The access gap refers to people and places that remain beyond limits of the market due to inadequate income levels or its skewed distribution. Bridging this gap needs subsidies to encourage service providers to enter these areas.

Closing the 'access gap' is not a straightforward task. A number of policy and regulatory complexities have to be considered. While there is debate on the ideal sequence of implementation of policy to bridge the two gaps, it is best to address the market efficiency gap prior to the access gap. Besides the policy and regulatory complexities are the geographic and socio-economic factors that have to be taken into account before designing access-gap-bridging policies. Primarily these are the size and terrain of a country; population densities of the settlements; the income level and its distribution among the population.

Subsidies can be distributed in various ways. Based on the criteria of targeting, market distortion and efficiency incentives, least-cost subsidy (LCS) auctions are considered to the best method and are thus described as 'smart subsidies'. In LCS auctions, bidders are forced to consider the most cost-effective technology and other cost-saving options to bid for the lowest required subsidy, if at all. LCS auctions are very different from the provision of subsidy using a comparative evaluation scheme, which is known as a 'beauty contest' where the award is determined on a merit-based assessment of the applicant's ability to fulfil a given set of requirements. In countries with poor governance frameworks, it is always safer to use the smart subsidy approach, where only a single dollar figure is evaluated, than one that allows discretion to the tender board that evaluates bids.

LCS auctions for bridging access gaps in rural telecommunication services were introduced in the mid-1990s in Latin America. Chile was the first to do so, in 1995-97, when a subsidy of USD 10.2 million was disbursed by Fondo de Desarrollo de las Telecomunicaciones to roll-out telecom services in some 4,500 rural locations. Other countries in the region used LCS to encourage regional telecommunications services. Some were more successful than others.

Nepal has some of the most rugged



CONNECTING COLOMBIA: Smart subsidies have allowed telcos to provide services in rural areas

BLOOMBERG

Subsidising the smart way

and beautiful terrain in the world, and home to some of the world's poorest people. On the one hand, the incumbent Nepal Telecommunications Corporation (NTC) had failed to bridge the gap in rural areas of Nepal and on the other, hardly any private operator activity was afoot. Thus began the discussions between His Majesty's Government (HMG) of Nepal through the Nepal Telecommunications Authority (NTA) and the World Bank to consider alternative mechanisms to service these areas. Taking into consideration the difficulties of attracting private investments to Nepal, it was decided to carve out one administration region and implement a private sector led regional telecommunication service programme through the provision of a subsidy as a pilot project.

The Eastern Development Region (EDR) of Nepal was selected for this pilot project. Because the Regional Telecommunications Development Fund (RTDF) was not yet in operation, the World Bank agreed to provide funds for regional telecommunication services under a long-tern credit to HMG.

Based on lessons of Latin America, the NTA, and the World Bank agreed to call for international competitive bidding. The winner would be the bidder requesting the lowest one-time capital grant. This was to be the first LCS auction in this part of the world.

The World Bank was concerned that the many shortcomings in the telecom regulatory environment in Nepal would hinder the success of the project. In order to ensure that regulation would not be detrimental to the proposed project, NTA and the World Bank took a number of precautionary measures.

The initial term of the licence was set at 10 years, with the licensee enjoying exclusivity in service provision for the first five years. NTA was expected to grant the license renewals, provided that there were no material breaches if the license. The license fee was set at a very low level of NPR 100,000 (approximately USD 1,250) for the initial 10 year period. The licensee was exempted from almost all other fees and levies until the first renewal.

Given the technology neutrality of the design, the licensee was free to use any wireless technology and/or satellite services in providing the services as long as they met stated technical requirements and service quality criteria. The Request for Applications (RFA) noted that the eventual licensee was required to pay fees on an annual basis for any spectrum license calculated on the same basis and payable on the same conditions as the fees in NTC's spectrum fees as long as NTC was exempted from paying them. The RFA also noted that the licensee would have rights of access to public and private lands and also the rights of inspection and entry set out in the Telecom Act.

The process of interconnection between the licensee's network and other licensed telecommunications networks in Nepal, including NTC, was to be governed by the Telecom Act's Guidelines for Interconnection.

It is evident that the consultants to the World Bank and NTA intended to maximise the number of potential players tat would become eligible to bid at the auction by setting eligibility conditions which were not overly restrictive. The key conditions were that the bidder must become registered as a company in Nepal prior to the license being issues; must have Nepalese investors with a minimum of 20 per cent equity; must satisfy the NTA of financing capacity to complete roll-out of the network in accordance with the terms of the license; must provide evidence of operating either a telecommunications network with over 250,000 subscribers or a telecommunications network with over 500 public telephone access lines in rural areas; and must furnish a bid security of USD 100,000.

The RFA was very clear in how the

selection process was to be conducted using a single round LCS auction. It said 'The NTA plans to issue the License and the [regional telecommunications service] proposed by the Qualified Applicant that proposes the lowest [regional telecommunications] Subsidy.' It is important to note that no maximum subsidy amount was announced, taking the position that 'market knows best' and also guarding against bids converging at the maximum allowable subsidy.

The NTA commenced the auction process that decided on the present Licensee in February 203. However, this was the second attempt of the LCS auction. The first attempt was in September 2000. At the 2000 auction, NTA received two bids and the applicant with the lowest subsidy signed a letter of intent to undertake the project. However, with the massacre of the King's family and the rising Maoist violence, the winning party withdrew, forfeiting its bid bond. In this context, HMG and the World Bank undertook a total review of the programme and weighed the options of suspending the project versus improving the attractiveness of the offer by including conditions that mitigated the risks involved and enhancing the financial attractiveness. It was decided to go ahead with a modified auction.

The RFA documents were made available for purchase in February 2003; a prebid conference with six potential bidders was held in April 2003; and applications for the regional telecommunication service license were received in June 2003. During the bidding process, some potential applicants raised additional concerns related to the financial, regulatory, and security risks. To mitigate some of the concerns, additional changes were made to the proposed regional telecommunication service license. However, even after all the changes were affected, the LCS auction process attracted only two bids. One was disqualified on technical grounds. The incumbent NTC was not allowed to bid. Therefore, based on the only bid received, the regional telecommunication service license was awarded in November 2003 to US-based STM Telecom Sanchar Private Limited.

In hindsight, several things could've been differently, particularly in light of the lessons from Latin America. However, there was the overarching security problem. At the time of implementation, Nepal was undergoing a serious security threat from Maoist rebels who had been waging an armed campaign against the state since 1996 as a result of which some 11,500 people had been killed. It was not uncommon for hartals to shut down entire cities and villages.

From the point of view of the success of the project, there is no doubt that a more conducive security environment would have helped. However, in reality, the ground situation was such that all stake-holders needed to have factored in the unpredictable nature of the situation in Nepal.

A number of studies have evaluated the design and implementation issues of the Latin American LCS projects. The most important criteria for the successes was found to be the favourable telecom regulatory environments. Key regulatory aspects were pricing and interconnection.

The Latin American successes were based on competition, both for the market and for the allocation of subsidies. Each LCS auction winner was selected on the basis of competitive bids. Sometimes incumbents were allowed, at other times they were not. Incumbents, whenever permitted, sought to defend their territories from possible new entrants and new entrants, on the other hand, sought to gain footholds in the demarcated licence territories. This competition reduced subsidies at the outside. In Chile, the subsidy given out in some cases was only a sixth of the benchmark.

In this context it is worth revisiting the selection of the Licensee where Nepalese incumbent was not allowed to bid. An issue that has generated strong opposing views is the decision to continue the LCS auction, despite there being only one eligible bidder – STM. While some, including the NTA and the World Bank, see no reason why the auction process should have been suspended, others argue that going ahead with just one eligible bid was perhaps a significant error in judgement. The consultants to the World Bank are said to have approached more than 100 potential international entities with the regional telecommunication service opportunity and reported that there seemed to be 'sufficient interest from serious bidders to run an auction'.

Another success factor in Latin America was selecting the 'right' areas using bottom-up approaches. In Chile,

Latin America Smart Subsidy Projects

Country	Project	Period	Localities Served	Maximum Subsidy Available ($m)	Subsidy Granted ($m)	Subsidy per Locality ($)
Chile	Fondo de Desarrollo de las Telecominicaciones	1995-1997	4,504	24.1	10.2	2,256
		1998-1999	1,412	14.4	9.8	6,919
		2000	143	1.9	1.8	12,727
Peru	Fondo de Inversion en Telecomunicaciones	1998	213	4	1.7	18,800
		1999	1,937	50	11	5,700
		2000*	2,290	59.5	27.8	12,100
Colombia	Fondo de Comunicaciones	1999	6,865	70.6	31.8	4,600
Guatemala	Fondo para el Desarrollode la Telefonia	1998	202	n/a	1.5	7,587
		1999**	1,051	n/a	4.5	4,282
Dominican Republic	Fondo de Desarrollo de las Telecominicaciones	2001	500	3.8	3.4	6,800

* implementation delay due to disqualification of subsidy winner; second bidder awarded
** Network not implemented due to operator failure

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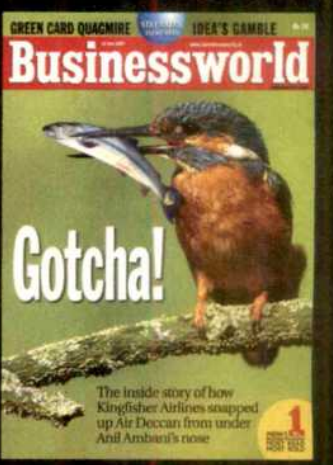

YOUR UNFAIR ADVANTAGE

PROTEST PROBLEMS: *Bandhs* have hampered telecom development in Nepal

local authorities, community organisations, and telecom companies together submitted lists that were later shortlisted by regional authorities. Comprehensive market research was undertaken by the regulator and was shared with bidders. Division of licenses was another factor. This process allowed bidders to assemble territorial blocks according to their corporate interests.

The question is whether sufficient information on the EDR along with demand forecasts was provided to potential bidders by the NTA. The NTA and the World Bank assert that the input from their rural economic consultants (not those who helped design the regional telecommunication service) was based on extensive ground work and the feedback on the draft RFA provided sufficient information for bidders to formulate their plans. The NTA revealed that they did not commission a survey to estimate the potential demand for regional telecommunication service in the EDR prior to preparing the RFA.

The primary lesson from Latin America was the importance of a conducive regulatory environment. Because the World Bank and NTA had taken pains (on paper at least) to ensure such an environment would prevail in Nepal, it is worthwhile assessing the outcome.

The license guaranteed exclusivity to STM for the first five years. No new service provider was to be given licenses, nor was NTC to be allowed to provide any service in those Village Development Councils (VDCs). This decision was rooted in estimates of the economic activity and, hence, the traffic in these areas. Introduction of competition prior to STM building its network and consolidating its customer base was not seen as advisable given the available demand. However, from the date of selecting STM and the time this research ended (November 2003-November 2005), NTC entered more than 100 of the 534 VDCs exclusively earmarked for STM. The unauthorised entry of NTC to the areas earmarked for STM was a clear violation of the license conditions. However, even after numerous complaints from STM and reminders from the World Bank to stick to the agreed rules of the game, NTA failed to stop this continuing abuse.

Interconnection has a very significant impact on new entry, which puts tremendous pressure on the regulator to establish clear and fair interconnection rules for the success of new entrants. The existence of substantial externalities due to incoming traffic towards rural networks, as well as of different incremental operating costs between urban and rural networks, makes a cost-based interconnection regime essential. There is a strong case for asymmetric interconnection favouring the rural operator.

For instance in Chile, tariffs were regulated minimally; all tariffs except call charges within the primary calling area were left for the operators to set under a ceiling. Implementation of a cost-based asymmetric interconnection regime was critical to the viability of the projects. The ability of the regulator to get operators, particularly the incumbent, to abide by an access charge that reflected the higher cost of operating a network in the rural and sparsely populated license territories was critical. It cost 18.7 times more to terminate a call on a rural network than on an urban network in Chile. This gave an opportunity for the winning operators to build a business case that included revenue from incoming calls. Sixty per cent of the revenue of the largest rural operator in Chile was generated by the positive interconnection balance with urban operators in 2002. The large variations in the subsidy per location, for instance, between the first Chilean and Peruvian auctions; USD 2,250 vs USD 18,800 indicate that the Peruvians relied on subsidy much more than Chileans. In Chile, each dollar of smart subsidy resulted in six private dollars, while it was only two private dollars per subsidy dollar in Peru. The existence of a cost-based asymmetric interconnection regime in Chile, and not in Peru, it has been suggested, explains the difference. ■

ROHAN SAMARAJIVA is executive director of LIRNEasia. His hands-on experience in telecom regulation and reform include a stint as Team Leader at the Ministry for Economic Reform, Science and Technology (2002-2004), responsible for infrastructure reforms and as Director General of Telecommunications in Sri Lanka (1998-1999)

AYESHA ZAINUDEEN is a senior researcher at LIRNEasia. Her research focus is on understanding ICT needs of as well as improving ICT access for the marginal user.

HARSHA De SILVA is a development economist focusing on infrastructure policy, particularly ICT policy in the emerging Asia-Pacific.

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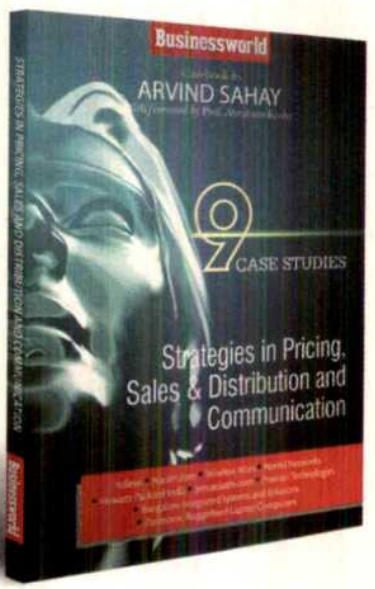

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BROWSING

V.N. Dalmia

Chairman, Dalmia Continental

I am reading **HANNIBAL RISING** by **THOMAS HARRIS**. It is the prequel to *The Silence of The Lambs* and tells the story of how and why Hannibal became what he did. What I enjoyed most about the book was the war — the bestiality and sheer brutality of it.

I mostly read fiction. I enjoy it, lose myself in it. I normally avoid management, self-help and spiritual books.

I usually buy books in one of three ways: personal references; reviews, by which I get to know about new releases and new books by authors I like, which I learn about through bestseller lists, etc. ■

ALERT

Born Standing Up
A Comic's Life

By Steve Martin (Scribner)

Unaware of his earlier avatar as a stand-up comic, Steve Martin to most of us is simply a Hollywood comedy actor — albeit a gifted one. In this heartfelt and well crafted memoir, Martin gives us the chance to get to know that part of his life. He talks about his complex relationship with his parents and recounts making the transition from a magician to a stand-up comic. The book ends when Martin, who went on to redefine comedy and become a phenomenon in the 1970s, gave up his stand-up act in 1982 to join the movies. ■

Finding core

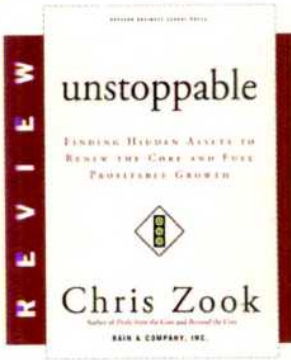
SUDIPTO PATRA

FOR all the readers of management tomes, here is the latest from Chris Zook, the head of Bain and Company's Global Strategy Practice. True to his consulting pedigree, Zook has brought out one of the most relevant issues that companies constantly face — how can businesses move from crisis to sustainable growth?

Those who kept track of the dot-com bubble around 1998-2001 would recall instances of old economy companies venturing into the e-business space, often jeopardising the core. There are as many examples of businesses not recognising a threat to its core emanating from a changing environment and market conditions. While, corporate growth is likely to remain a divided house between the organic and inorganic debate and no single answer is likely to fit the needs of every corporate at every point in time, Zook's latest contribution to strategy is a brilliant eye opener that compels a search for hidden assets in order to protect the core and chart out a growth strategy.

Zook begins the latest book in his trilogy by asking, 'what are your hidden assets?' Bain's research and extensive analysis of the Fortune 500 companies over the past two decades, wherein they looked for actual amount of change sought and achieved by them, forms the basis for his latest management text. He goes on to define three kinds of hidden assets of any business organisation, namely, undervalued business platforms, unexploited customer assets and underutilised capabilities. Zook propounds that each organisation must actively monitor which stage in the Focus-Expand-Redefine

REVIEW



UNSTOPPABLE

Finding Hidden Assets to Renew the Core and Fuel Profitable Growth

By Chris Zook

Harvard Business School Press

Pages: 208
Price: $29.95

SELECTION

A tale of love and war

RANI Lakshmibai is a familiar historical character. Indian women standing up for themselves have often been told to "come to their senses and stop acting like the *Jhansi ki Rani*". We are so convinced of her valour and fearlessness that the Hindi film industry has used her (along with goddesses like Durga, of course) as the prototype for the 'avenging female' protagonist. But Jaishree Misra is not buying into Lakshmibai's idealisation.

In her latest work, also her first historical fiction, Misra attempts to go past the text-book version of the queen's brief life and reveal her for the woman that she was — one who loved and loathed in equal measure. The narrative follows 13-year-old Manikarnika's journey from her father's court-in-exile to Jhansi after her marriage to the king.

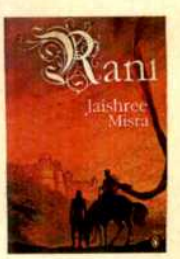
The young and free-spirited Mani matures into a much-loved queen, one who is forced to take charge after the tragic deaths of her husband and infant son.

RANI

By Jaishree Misra

Penguin

Pages: 411
Price: Rs 350



hidden assets

CHRIS ZOOK is the head of Bain & Company's Global Strategy Practice and leads the Bain Growth Project. In 2001, he published his best-selling book, *Profit from the Core*, which found that nine out of 10 companies with sustained profitable growth had focussed on their core businesses. In 2004, he followed it up with *Beyond the Core*, in which he examines how companies that have fully exploited their core businesses can expand. Zook also writes extensively in the business press

(FER) cycle they are in. His theory suggests that it is this correlation to the FER cycle that sets strategic priorities. Only then should one attempt to redefine the core that a business organism must adapt to. While much of this could be termed quite theoretical, apposite references to cases are quite remarkable and great learning opportunities for business leaders.

Most of what Zook says in the book resonate and extend his first title — *Profit from the Core* — where he strongly propounds the need to make the core profitable. In a way, this book also represents a certain maturing of Zook's thinking through his second title, where he takes a relatively contrarian view and seeks business opportunities, growth and profit from beyond the core. However, it might be relevant to point out that even in the second title, he never promotes gambling with unrelated growth and mostly focuses on adjacent moves and related businesses and value stream. Equally, the progression of the three titles that Zook published could also be a representation of the overall business cycle that he might have foreseen around the time(s) he was doing research before each title was published.

Throughout *Unstoppable*, on more than one occasion, the reader is reminded of Theodore Levitt's seminal work. However, Zook's effort is more financial and less market-oriented. That could also be the reason for a lack of any concrete roadmap for action as the author leaves the decision for such action with the reader or business leader. A more practical challenge that Zook completely overlooks in his latest work is the complexities of organisational behaviour that could come in the way of such an effort to create a sustainable growth model within an organisation. However, it must be recognised that these are not exactly limitations of the title. Zook has done a decent amount of justice to the subject with his insights about the business outcome of various strategies that companies had adopted in their search for sustainable growth.

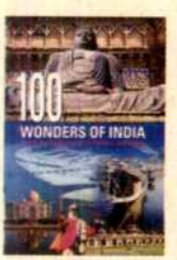
As episodes get added to the growth serial of India in boardrooms and marketplaces and India becomes more entrepreneurial, riding high on the success of the IT sector, a key issue for the industries that have been around for a slightly longer while is "sustainable growth". This new tome on strategy, which ensconces the "back to basics" approach towards corporate strategy, is a good primer for CEOs who are still undecided on where to focus their energies. It is a good training for the mind of the top-dog as it asks the same question in varying contexts through the many cases that it chronicles. It is a must read for every CEO who has to steer the corporate through a growth strategy in a marketplace where organic revenue growth is at best stagnating. ■

Left without a male heir, Jhansi is annexed by the British. Unsure of how to proceed, Lakshmibai turns to Robert Ellis, an officer in the East India Company and Jhansi's political agent, for help. Misra places the relationship between Ellis and Lakshmibai — an "unspoken and unfulfilled" love story — at the heart of her book. And this is where the narrative falters. The love story interferes with the pace of what is otherwise an absorbing historical thriller.

Misra is accurate with facts and has done a good job of retelling the events of the Great Mutiny of 1857 — Lakshmibai's exploits and heroism are described in great detail. It is the fiction element that is weak. After 411 pages, we still don't really know what made India's most well-known historical heroine tick. ■

SUMATI NAGRATH

On a visual journey



INDIA is truly a land of diversity, not only in terms of its culture, its geography and its people, but also in terms of the aesthetic delights it offers. *100 Wonders of India — The finest treasures of civilisation and nature* (Roli Books) is a fitting tribute to this offering.

The book showcases the 100 most remarkable heritage sites, architectural masterpieces and natural wonders of India in 208 pages, every bit of which is worth the Rs 795 that you spend on it. From the predictable ones such as the Taj Mahal, the pristine landscape of Periyar, Victoria Memorial, etc., to the lesser-known ones such as Nagarjunakonda's Buddhist legacy and the obscure tribes of Bastar, this book doesn't miss out anything.

Just like any coffee-table book, this one, too, is awash with resplendent photographs of each destination, which certainly add significantly to its visual appeal. But as far as the text (whatever little that is there) is concerned, it is mostly what one has heard and read in several places already, though the publishers try their best to make it engaging. Some accounts, such as the journey of the Brahmaputra — India's only 'male' river — are fascinating.

This one is for a true aesthete with a fascination for the India that we often tend to overlook or forget. ■

JAYANT SINGH

PSUs go abroad

IT is hardly a secret that Indian companies have been on a shopping spree abroad. Almost every day brings news of one of them buying a firm abroad or setting up a subsidiary. Some are establishing bridgeheads to export their products, others are putting surplus funds to use, and still others are exporting Indian management and turning around sick companies.

Less publicised is the thrust abroad of government-owned companies. State Bank of India, India's largest bank in terms of deposits and the world's largest in terms of manpower, has had branches in global financial centres for decades; it has also had outposts in countries with large emigrant Indians. But recently it has left Indians behind and ventured further afield — to Shanghai, Sydney, Tel Aviv, and Moscow and Jakarta. It is reported to be considering acquisition of another Indonesian bank.

ONGC has been investing in oil blocks abroad for some years now; its first venture abroad, an oil well offshore Vietnam, went on stream at the end of 2002. In the past three years, it has been joined by its smaller sisters. Three years ago IOC invested $3 billion in a joint venture with Iran's Petropars to liquefy nine million tonnes of natural gas; next year it won an oil exploration block in Libya jointly with Oil India.

Coal India had confined itself to the home all these years. It has a virtual monopoly of coal production in the country, and a vast captive market in power stations, cement mills and sinter plants. It was content with the business of taking coal out of the earth, putting it on trains and collecting money from state electricity boards when they deigned to pay. For years their unpaid debts went on mounting; then three years ago, Montek Singh Ahluwalia brokered a solution under which Coal India got paid from the money the centre had promised to the states. This arrangement has worked so well that Coal India's coffers are full. It too is on the prowl for coal properties overseas. It senses that there may be a business in mining or buying coal abroad and marketing it in this country.

The government in Delhi has always been ambivalent about letting public enterprises venture abroad. They were permitted, indeed pushed to work abroad when it was as a part of the government's foreign aid or its attempts to befriend other developing countries. But this type of business was never paying, and public enterprises tried their best to avoid it — without success.

The central government's attitude began to change when it ran into difficulties in securing enough oil and gas to keep the Indian economy running. It then sent the three oil companies, ONGC, Indian Oil and Oil India, to look for acreages abroad. Still, the oil companies have been an exception. Ministers like to keep public enterprises under their thumb; and patriotic ministers believe that it is the duty of public enterprises to serve the country. So many overseas projects fall prey to ministerial obstruction.

However, public enterprises have a reason to go abroad that private companies do not. Salaries in public enterprises are tethered to the lower echelons on the government; an overseas posting can make much difference to officers who are lucky enough to get one. That was one more reason why ministers resisted public enterprises' expansion abroad, and here they were joined by forces within the enterprises, for jealousy is one of the strongest emotions coursing in the veins of public servants.

The Sixth Pay Commission may raise public sector salaries to private sector levels; if it does, it will decisively wreck public finances

Illustration: ANTHONY LAWRENCE

But the recent forays abroad of public enterprises suggest that the resistance is weakening. An important reason is that salaries in the public sector, especially in the top echelons, are much lower than in the private sector. So the private sector has long been poaching managerial staff from public enterprises. As growth accelerated in the past five years and manpower shortages emerged, the trickle of officers leaving public enterprises became a flood — so much so that manpower is becoming the biggest bottleneck, especially in the best run and most successful public enterprises. Many of them try to lure new recruits by means of training programmes; but the trainees only wait for the end of the training programmes to leave.

The ideal solution would be for the government to loosen the reins and let public enterprises set their salaries on private sector scales. But that would wreck those of them that are overmanned, and cause severe pangs of jealousy in the government. So the government is asking the managing directors of public enterprises to wait for the report of the Sixth Pay Commission. The importance of private-public pay parity has been forcefully pressed upon the Pay Commission. It is likely, therefore, that it will not disappoint government servants – and that it will hit government finances for a six. ■

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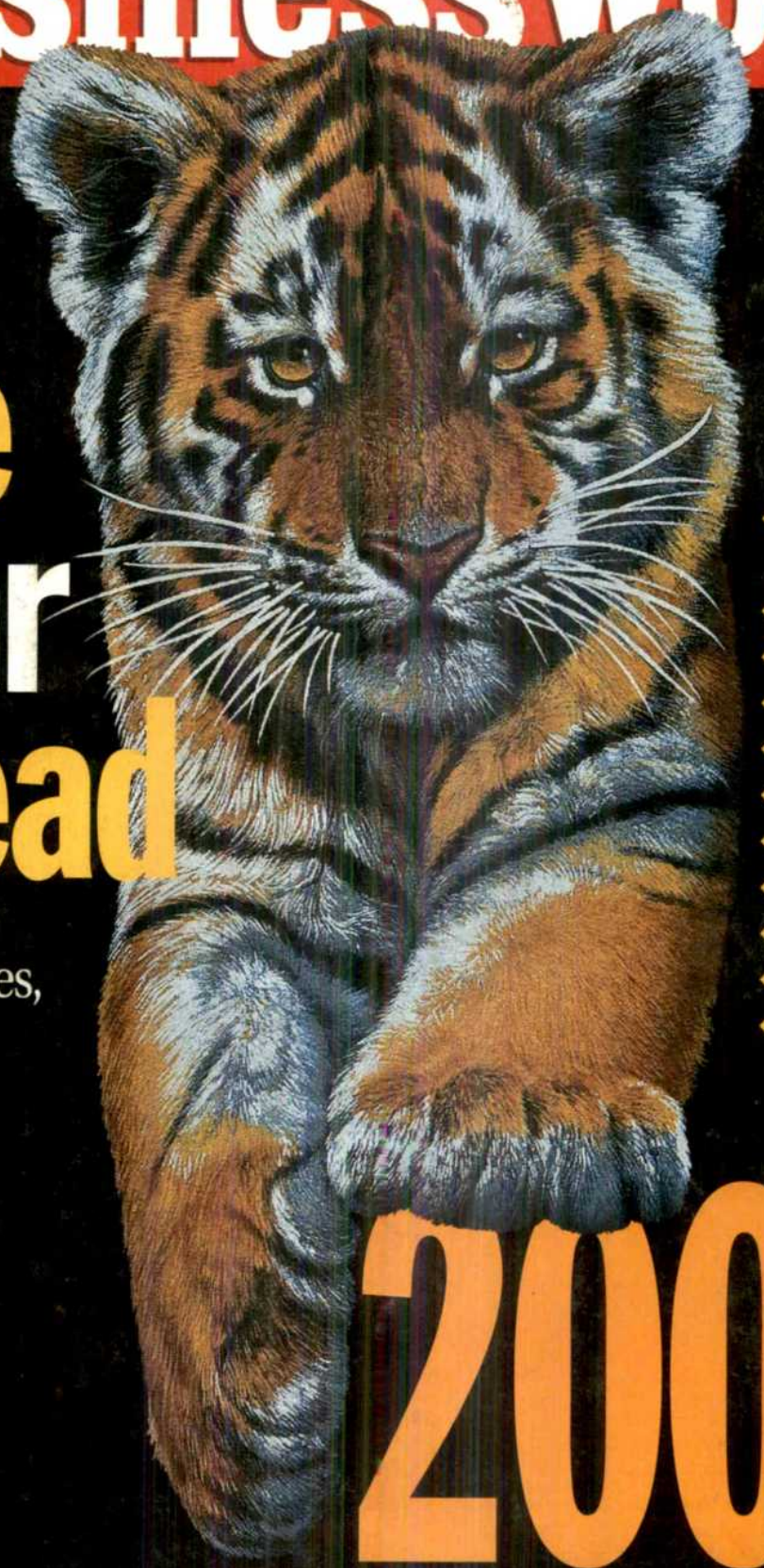

The year ahead

Opportunities, challenges and hopes

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- Karti Chidambaram
- R.K. Pachauri
- Sunil Mittal
- Rashesh Shah
- Yashwant Sinha
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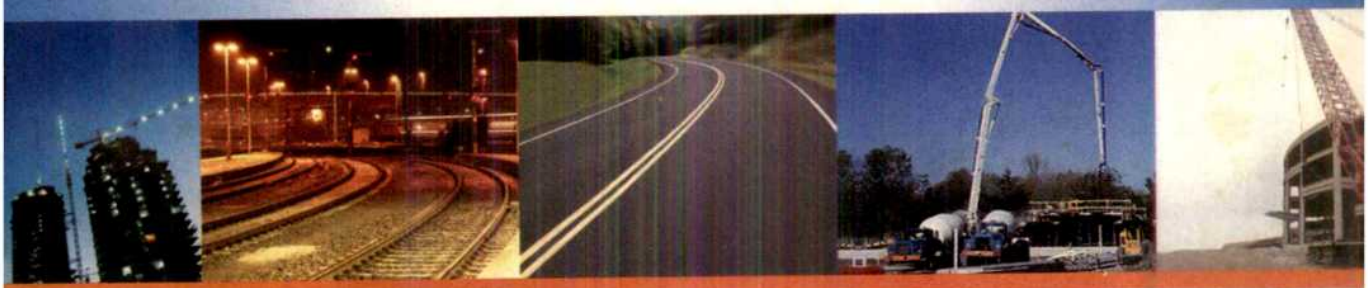

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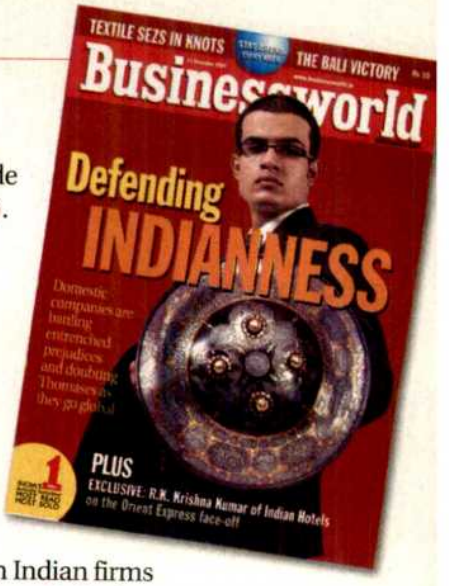
Changing the bias



❑ This refers to your cover story, 'Pride & Prejudice' (*BW*, 31 December 2007). Cross-border mergers and acquisitions done by Indian firms have put India on the global map and, for some countries, we are an upcoming superpower, too. As the world gets flatter by the day, and not just in the corporate arena, India is developing its confidence. This has compelled Indian firms to move ahead with great pace. Recent comments by foreign counterparts on Indian firms show that brand discrimination still prevails in the corporate world, where one cannot digest the growth of the other. Discrimination was present post independence and continues to exist. This sort of racism has its positive effects, nonetheless. It has given birth to some marvellous businesses and structures. The latest issue of Jaguar and Orient Hotels is an example of brand racism, but we Indians are magicians who can convert criticism into appreciation.

Vineet Bhalla, *via e-mail*

ALTERNATIVE METHODS

In the overall rankings ('India's Top B-schools', *BW*, 24 December 2007), the ranks for 2005 are also given. Since there are 36 new entries in 2007, the comparison of the rank for the current year with that of 2005 is unfair to some institutes and misleading to an average reader. Jagan Institute of Management Studies, New Delhi has been ranked 67 in 2007, as compared to 36 in 2005. However, if the comparison of the rank is done by eliminating new entries, its rank should be 44 (67-23 new entries).

Gauri Shankar, *JIMS*

SMALL FEET, BIG FOOTPRINT

'We'll Have To Go Head To Head With Google' (*BW*, 31 December 2007) showed that the great story about Mozzilla is that the company realised from the outset that it does not have a monopoly on innovation and so opened its products to improvement by outside developers. Firefox's website hosts many plug-ins created by third-party developers. While developers gain exposure, the highly customisable Mozzila products get downloaded more often.

Hrushikesh Gullapali, *via e-mail*

CORRIGENDA

In 'Pride & Prejudice' (*BW*, 31 December 2007), Pippa Isbell was incorrectly referred to as Pippa Ibsell.

In 'Missing It, Again' the principal economist of Hong Kong, Helen Chan, was incorrectly reffered to as the the principal economist of HKTDC.

The errors are regretted.

The letters have been edited for brevity.

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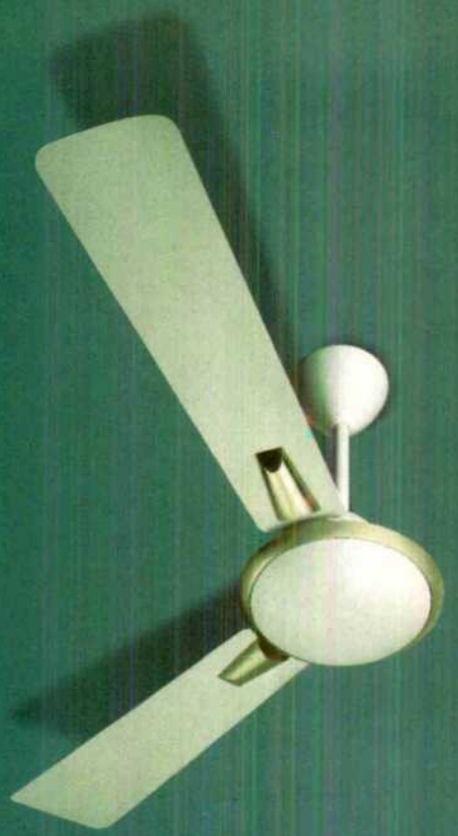

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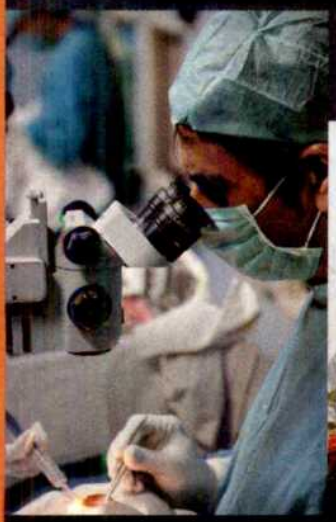
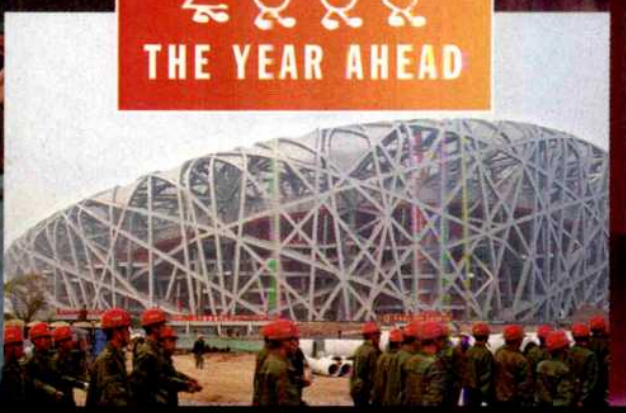


2008
THE YEAR AHEAD



(Clockwise from top left) The road to India's supremacy is blocked; guarding the flora and the fauna; we are all dressed up to disco; China is hosting Olympics, are we game?; and the shape of things to come in the next year

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Cover Design: Jyoti Thapa Mani
Photograph: A souvenir T-shirt from the Corbett Tiger National Park, Uttarakhand

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- **Old Faces On New Books:** Don't be taken aback if your mum's picture pops up on Facebook.
- **Night Birds In Distress:** Irregular hours can lead to severe metabolic disorders, says Anuradha Sharma.

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Looking ahead

OVER the year, many of you have written in to appreciate the changes we are making at *BW*, so it's fitting that we close 2007 with a new tradition. Now, every end-December 'The Year Ahead' special issue will share with you the hopes, fears and predictions we and our guest writers have of the future.

In this inaugural issue, the successes of 2007 — both for us at *BW*, which widened its lead as India's most sold and most read business magazine, and for the wider economy, which sustained its stellar growth — are resonating powerfully with our writers. Indeed, for most people, the crackle of the firecrackers that will ring in 2008 is sure to spark new hopes.

How could it not? Despite oil prices doubling, our economy has surged. Despite the limitations of the local market, our best companies are going global. Despite the subprime crisis, our bourses are booming. Despite the appalling lack of improvement in governance, our nation is improving on most parameters.

Of course, past record is no guarantee of future performance. We know this in our hearts but are so mesmerised by our 9 per cent growth that we often take it for granted. Yet, the truth is that we will have to fight harder for every point of GDP increase in 2008. Closed economies, such as India's was, enjoy the first flush of liberation when fresh capital and cheap labour combine to yield a bonanza. But over time, labour costs rise and every fresh dollar of capital enjoys diminishing returns. This is when growth suddenly becomes more dependent on companies acquiring real competencies and the economy developing real efficiencies.

India is at the cusp of this transition and it's unclear if we will manage this phase in our economic life as well and proactively as China did when faced with the same problem in 2002. Our challenge is double as the global economic environment is also likely to worsen in 2008. But nothing worth doing is easy, and as the articles that follow outline, 2008 will be a watershed year for India.

In keeping with that, our ambitious plans for *BW* continue. Just wait till next week!

For now, allow all of us at *BW* to thank you for your readership and wish you all the best for the year ahead.

Jehangir S. Pocha, Editor

CLARION CALL: Benazir Bhutto at a rally in Rawalpindi minutes before her assassination

AFP

TERROR STRIKES PAKISTAN

Benazir silenced

Bhutto's death leaves a vacuum in Pakistan and casts a cloud on the country's return to democracy

BENAZIR Bhutto, Pakistan's former prime minister, was assassinated at an election rally in Rawalpindi on Thursday, 27 December. She was 54. The attack immediately raised questions if Parliamentary elections scheduled for January 2008 will be postponed.

"At 6:16 p.m. she expired," Wasif Ali Khan, a member of Bhutto's Pakistan People's Party, was quoted as saying by the Associated Press. Bhutto was twice Pakistan's prime minister and was campaigning ahead of elections. The fatal rally, in which hundreds of her supporters gathered, was being held at Rawalpindi, a city near the capital where Pakistan President Pervez Musharraf stays and the Pakistan army has its headquarters. In recent weeks, suicide bombers have repeatedly targeted security forces in Rawalpindi.

Earlier, in October 2007, Bhutto was the target of a suicide attack in Karachi when she returned to Pakistan after eight years of self-imposed exile. That attack, caused by two bombs exploding just seconds apart, narrowly missed Bhutto but killed scores of people. Bhutto's security adviser Rahman Malik told Pakistan's Geo news channel that she could then escape unhurt because she was in a bulletproof vehicle. "She was the prime target." Before the rally, Bhutto had met with visiting Afghan President Hamid Karzai and told him that, if elected, she would work with him to fight terror.

On 26 December, Pakistani police had caught a would-be suicide bomber as the 15-year-old boy tried to carry a small bomb into a rally for Bhutto in Peshawar.

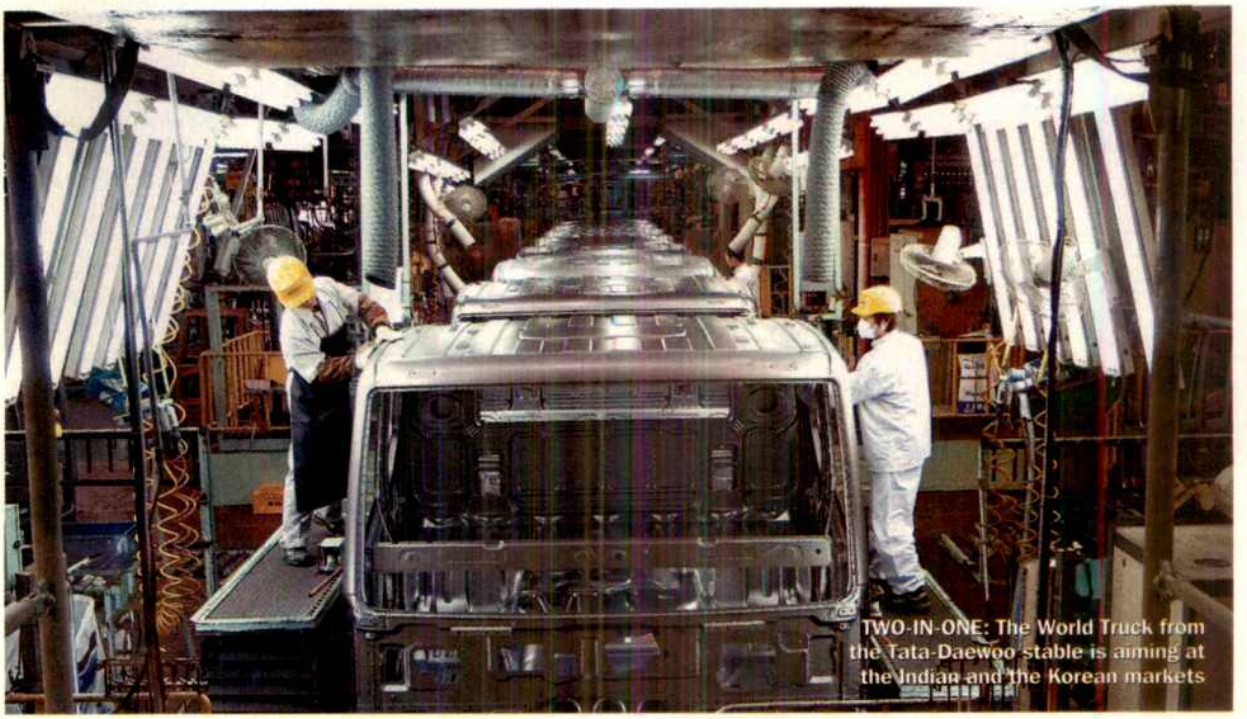
Asma Jehangir, chairperson of Pakistan's Human Rights Commission, pointed a finger at the current establishment led by Pervez Musharraf. "We want the damn army out of our lives," she said in an interview to an Indian television. While there was no official comment on the assassination as *BW* went to press, Musharraf has called an emergency meeting of the administration. ■

BW BUREAU

¥83.1 trillion The final budget approved by the Japanese Cabinet for 2008. This amount, which is equal to $728 billion, is the second largest in the history of Japan.

TATA MOTORS

To India, via Korea



TWO-IN-ONE: The World Truck from the Tata-Daewoo stable is aiming at the Indian and the Korean markets

YEAR 2008 is a make-or-break year for Tata Motors. Three mega projects from the company will hit the market in quick succession. These include the highly-anticipated Rs 1-lakh car, a new platform for the Indica, and the World Truck — a new heavy commercial vehicle platform.

The World Truck is Tata Motors' first joint venture with Daewoo Commercial Vehicles, which it acquired in 2004 for $102 million. According to an estimate by the merged company, Tata Daewoo Commercial Vehicles (TDCV), the total R&D costs for the World Truck will be around $315 million. Of this, $90 million — 17.50 per cent of its annual revenues — will come from TDCV.

The new year will see if Tatas' $102 million bet on Daewoo Commercial Vehicles is going to pay off

"The World Truck is a tough project since it is one product for two different markets," says Kwang-Ok Chae, president and chief executive officer of TDCV. The split research aims to capitalise on the two entities' respective strengths. "Our Korean researchers will look at advanced fittings and high functionality; Indians will address ruggedness and affordability under harsh environmental conditions," he says.

The World Truck will feature two major engine upgrades. The reason: It will compete directly with major truck makers from around the world. Indian buyers will be able to choose between Euro III and Euro IV engine emission standards. These are well ahead of the current emissions standards in India.

Older Tata trucks produced a relatively anaemic 100-180 bhp. World Truck engines will start at around 280 bhp and go all the way up to 500 bhp. ■

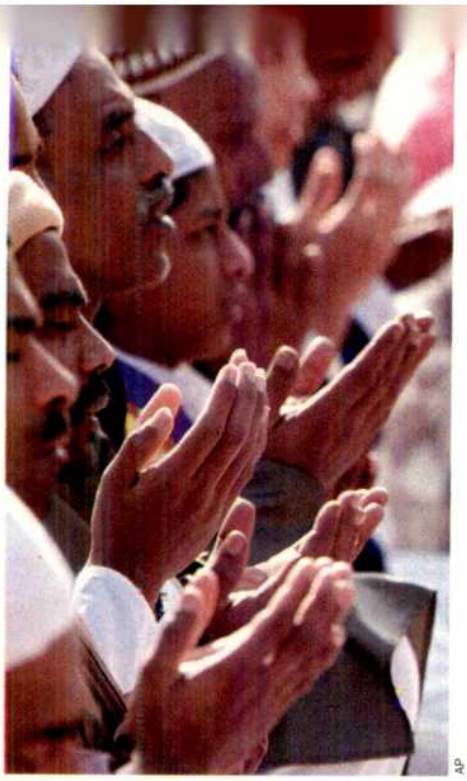
PIERRE MARIO FITTER

BLOOMBERG

"I really want to go back as a normal citizen. Enough is enough for politics."
Deposed Thai Prime Minister Thaksin Shinawatra, after the People Power Party — formed by his supporters — secured majority in the recent elections in Thailand.

MEDIA

Selective amnesia



AP

LOW KEY: Most newspapers ignored this year's Eid celebrations

NEWSPAPERS celebrate festivals as a strategy to reach out to readers. But the measure of their enthusiasm varies depending on the kind of festival being celebrated. While Indian dailies are falling over one another to celebrate Christmas, they did not seem to be as enthusiastic when celebrating Bakr-eid on 21 December.

In fact, the Mumbai edition of many newspapers such as *The Indian Express*, *The Asian Age* and *DNA* did not bother to have any Eid greetings on their front page. *The Times of India (TOI)* and the *Hindustan Times (HT)* were also rather low key. *TOI* had a crescent and star in its masthead, while *HT* ran a greeting next to its masthead. However, neither gave due coverage to the Muslim festival except running stories on the high price of goats before Bakr-eid. In comparison, Christmas caught the imagination on the scale of a Diwali or a Ganesh Utsav. Even Halloween and Valentine's Day get more attention from newspapers.

'Christian' festivals have been adopted by the elite, while Diwali or a Ganesh Utsav are fairly high-spending mass celebrations that brands want to associate with. Islamic festivals, on the other hand, have remained relatively austere occasions. Only Ramzan remains an exception, but it is also not associated with advertising by branded products.

Muslim festivals do not seem to be on newspapers' primary radar because they are not a marketing opportunity and advertising remains the bread and butter for the media in India. ■

DINESH NARAYANAN

STOCKMARKETS

The learning curve

THERE won't be many academically-qualified executives in the corporate sector — especially in the fields of finance, science or technology, who would want to hear the word 'exams' ever again. Whether it is liked or not, this demon will rear its head for the entire securities market workforce employed in brokerage firms, mutual funds, depository participants, investment bankers or any other Sebi-registered entity.

Sebi, along with its promoted trust, National Institute of Securities Markets (NISM), has now gone on an overdrive to spread awareness about its two-month old regulations on certification of associated persons in the securities market. These regulations require the employees to seek certification in categories that NISM will specify.

Those who already have certification from National Stock Exchange (NSE), National Securities Depository and Association of Mutual Funds in India modules in the NSE's Certification in Financial Markets will be exempt.

But what is going to get the goat of all employees — certified now or not — is that every three years, they will have to re-certify through a fresh examination. It seems the demon of exams will haunt the securities market forever. ■

RAJESH GAJRA

EXAM FLU: Stockmarket employees will need to reskill

SANJIT KUNDU

THE MOST ENDANGERED SITES DUE TO GLOBAL WARMING

AP

ANTARCTICA

The Muller ice shelf and the Larsen ice shelf are sinking dramatically

Mt. Kilimanjaro, Tanzania

The Arctic ice cap

The Maldives

Venice, Italy

Alaska, US

Great Barrier Reef, Australia

Kidzbuhel, Austria

Galapagos Islands

Patagonia, Argentina

Source: *The Telegraph*, UK

STOCKMARKETS

Selling it short

THE green signal to stock exchanges to re-introduce securities lending and borrowing mechanism (SLBM) in the cash market was given by Sebi on 20 December 2007. The idea is to permit a short seller — retail or institutional — to borrow shares and then sell.

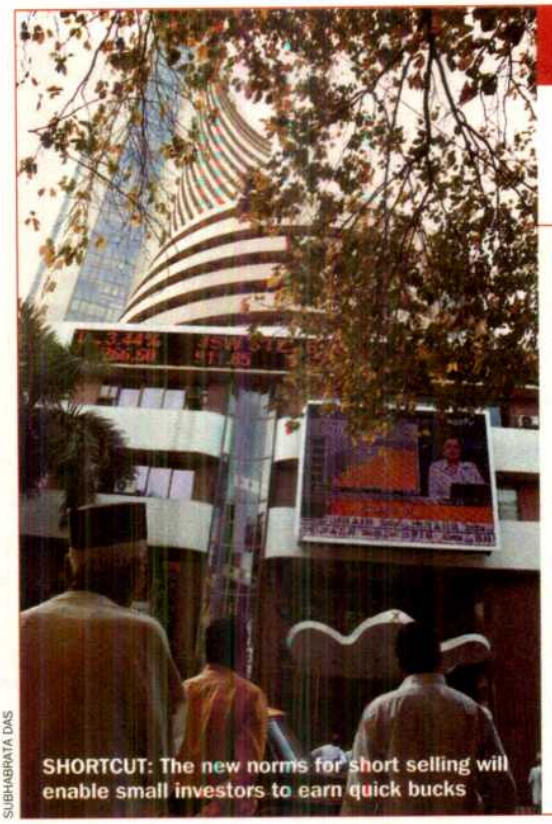
From 1997 to 2001, the two stock exchanges were operating an SLBM each under Sebi's Securities Lending Scheme (SLS), 1997. At that time, trading and settlement cycle was weekly. When the Ketan Parekh-led securities scam of 1999-2000 broke in February-March 2001, the markets began tanking. To artificially halt this decline, Sebi banned fresh short sell positions from March 2001 to June 2001, during which the SLBMs were also suspended.

The new SLBM, which Sebi wants NSE and BSE to introduce, will be under the overall framework of SLS, 1997, and a new broad framework laid down on 20 December 2007. Sebi wants to restrict SLBM to only about 240 stocks in which derivatives trading is allowed. Sebi also wants SLBM settlements to be weekly. The exact modalities of the new SLBM will be known when the exchanges get ready. It is expected to take a few weeks.

Ironically, the need for short selling in the cash market is not deeply felt by the market currently because it is able to carry out more-efficient and more-leveraged form of short selling through single stock futures. Trading volume on single stock futures on NSE is the highest in the world. But when a stock's spot price is trading higher than its futures price, SLBM would help arbitrageurs to borrow and sell the stock in the cash market and simultaneously buy it in futures.

The lending of shares will open up earning opportunities for retail and institutional investors (see 'How Shares Earn While Idle'). But the lending charges they get might not be high. "Demand for borrowing is small and the supply (with institutional investors) is quasi-infinite, so access to borrowed shares should become possible at very low prices," says Ajay Shah, senior fellow at National Institute of Public Finance and Policy on his blog, ajayshahblog.blogspot.com.

RAJESH GAJRA



SUBHABRATA DAS

SHORTCUT: The new norms for short selling will enable small investors to earn quick bucks

How shares earn while idle

Based on NSE's SLBM before March 2001, this is how you can lend your shares

DAY 1: Spot price: Rs 100. In SLBM screens of NSE and BSE brokers, you sell, say, one share at Rs 100.29 (Rs 0.29 is your lending charge for a week and amounts to 15 per cent per annum)

DAY 2: You receive Rs 100

DAY 7: You pay Rs 99.71

DAY 8: You receive one share back

The above calculations are net of brokerage

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Private Equity

Get inside the world of start-ups, venture capital and private equity in India and Asia with the *BW* fortnightly PE Tracker

Ocimum's genome logic

HYDERABAD-based genomic research outsourcing company Ocimum Biosolutions has acquired Washington-based Gene Logic's genomics division for $10 million. Ocimum has paid $7 million upfront to the Nasdaq-listed company and the remaining will be paid after 18 months.

The acquisition has been partly funded by investment from Kubera Partners, which pumped in $17 million to acquire a minority stake in Ocimum. "Gene Logic has products such as genomics database, which can be leveraged in an offshore services model," says Ocimum's CEO and Founder Anu Acharya. At the height of genomics hype, Gene Logic had commanded a valuation of $2 billion. "We are aiming to be the No. 1 genomics outsourcing company in the world," says Acharya. "In the current fiscal we are targeting revenues of $14 million and we'll cross $35 million next year, as the full year revenue of the acquisition will also get consolidated."

AIMING HIGH: Through the new acquisition, Ocimum aspires to be the world's number one

Ocimum's latest acquisition will bring in revenues worth $20 million, but the business is loss making. "The overheads of the business are high as it is a listed company," says Acharya. "This can be cut. We are looking at a services business model here, so we can turn around the growth and profitability much quicker."

This is not the first acquisition for Ocimum. The company has successfully integrated the acquisition of German company MWG Biotech's micro array business and Dutch company Isogen's oligonucleotide business. This time the size, scale and expectation is much bigger. ■

K. YATISH RAJAWAT

BW-Thomson Financial PE Tracker

December The Asian private equity market saw 603 deals worth $8.16 billion as on 21 December 2007. India was the largest market in the region with 237 deals worth $3.48 billion.

Top Asia PE deals

TARGET	TARGET NATION	INVESTOR	INVESTOR NATION	DEAL SIZE ($M)
JBF Industries	India	Citigroup Venture Capital International Asia	Hong Kong	125.00
Jai Balaji Group	India	Citigroup Venture Capital Intl.	US	69.40
B. Seenaiah & Co. (Projects)	India	Undisclosed Indian investor	India	38.50
SNC Former Public Company	Thailand	Lombard Investments	US	18.20
Ocimum Biosolutions	India	Kubera Partners	US	17.00
Chinabb.tv	China	Beijing Jingshun Shengshi Investment Co.	China	13.00
HC International	Hong Kong	IDG Technology Venture Investment	China	12.30
CAXA Technology Company	China	IDG Technology Venture Investment	China	10.00
Hangzhou Viewline Tech. Co.	China	Hightech Venture Capital	China	10.00
Innovative B2B Logistics Solutions	India	Sage Capital	US	6.36

Figures for 9-21 December 2007

Figures for 1 January-21 December 2007

Path-breaking deals

THE mad rush of foreign investors picking up stakes in the Indian securities brokerage firms continues. On 24 December 2007, India Infoline, which has a market capitalisation of Rs 8,000 crore, announced a preferential issue of 3.7 million shares to Singapore-based private investment firm, Orient Global, at Rs 1,500 per share. This amounts to a 6.48 per cent stake post-preferential issue.

The stake is not high considering that as on 30 September 2007, non-promoter institutional shareholders that collectively held 35.33 per cent included large foreign institutional investor and FII sub-account-shareholders such as Citigroup Global Market Mauritius (5 per cent), T. Rowe Price International (4.48 per cent) and Monsoon India Inflection Fund (2.18 per cent). It even had large non-promoter non-mutual fund domestic shareholders such as Khattar Holdings (3.92 per cent) and Bennet Coleman & Co. (2.20 per cent).

SANJIT KUNDU

BULL'S EYE: FIIs are eyeing Indian broking firms

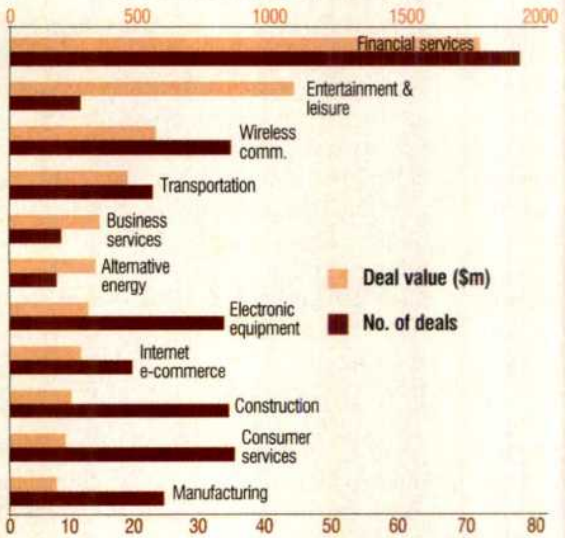
But the valuation of Rs 1,500 per share was definitely very high for Orient Global to get its feet in. As recently as four months ago, India Infoline stock was trading at Rs 600-700 levels. Orient Global is also going to pump in Rs 197 crore for a 10 per cent stake in India Infoline's 100 per cent subsidiary, India Infoline Marketing Services (IIMS), which in turn is a 100 per cent investor each in India Infoline Insurance Services and India Infoline Insurance Brokers.

The price has not been disclosed by India Infoline. However, *BW* has learnt that IIMS was incorporated in September 2007 with an authorised capital of Rs 10 crore. A 10 per cent stake of face value Rs 1 crore to be sold at Rs 197 crore would mean a price per share of Rs 197.

In early 2007, Citigroup Venture Capital picked up a 75 per cent stake in Sharekhan, a brokerage firm of Shripal Morakhia's SSKI group. Geojit Financial, a large retail brokerage firm, saw 26 per cent stake being acquired by BNP Paribas. Stanchart took a 49 per cent stake in UTI Securities. ■

RAJESH GAJRA

PE investment by industry



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B. Seenaiah & Co. (Projects)	Amansa Capital, Lehman Brothers, two undisclosed Indian investors	Singapore, US	38.50
Ocimum Biosolutions	Kubera Partners	US	17.00
Innovative B2B Logistics Solutions	Sage Capital	US	6.36
Multi Commodity Exchange of India	IL&FS Investment Managers, ICICI Venture Funds Management Co., Kotak Mahindra Bank	India	NA
Resurgere Mines & Minerals India	Merrill Lynch Capital Partners	US	NA

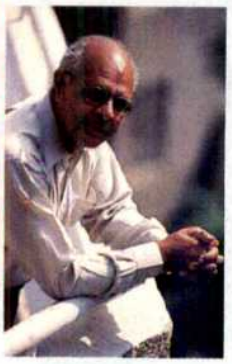
Figures for 9-21 December 2007

Note: Sum invested is actual money taken down or disbursed to portfolio companies. PE deals are classified as investments where the investor is a PE firm. The above tables do not include investments made by angel investors, hedge funds, trusts and corporate investors. Such investors are taken into account only when they have invested alongside PE firms.

Log on to www.businessworld.in for the complete list of deals

comment

by ashok v. desai



Another bank for the south?

HUGO Chavez is a man of courage bordering on indiscretion. He addressed the king of Spain as 'Mr King', just to bring him down to earth. His abuse of George W. Bush is best not repeated. If he had been the king of Bechuanaland, no one would have noticed his bad manners. But he is the president of Venezuela; its oil puts him on the world stage.

A lesser man would have been content to enrich himself like an oil sheikh. But Chavez has larger ambitions; he would like to turn Latin America into a bastion against Uncle Sam. But Latin America stands disunited. Each country is submerged in its local problems; none has time for the great war to come.

Chavez looks for themes to unite the continent. The latest he has come up with is the idea of a new development bank — Banco del Sur. He has the money; there should be no lack of borrowers. So all that is necessary to start business is a building and some bodies, which should be easy enough for Chavez to rustle up.

Before he ventures into this new area, however, he should study the history of development banks. First there was the World Bank, which financed projects all over the non-communist world. As Chavez might put it, it was the sword of capitalism, a slave of America — America of the North, not Chavez's America. There was also the Latin American Development Bank, which was no less under America's thumb. Their serfdom gives Chavez the reason for thinking of a new bank — an anti-American bank, as the Americans may call it.

However, it is the fate of these tools of capitalism that should interest Chavez. For 25 years after World War II, developing countries tried a policy of import-substituting industrialisation. They strove to manufacture, ignoring agriculture and services; and they sought to produce everything regardless of cost. As a result, their manufactures were uncompetitive, and they were in a perpetual state of payments crisis.

That suited the development banks well, for it meant that they never lacked customers. There were always countries in need of international currencies; they were even prepared to engage consultants proposed by the development banks. The banks' business grew in leaps and bounds.

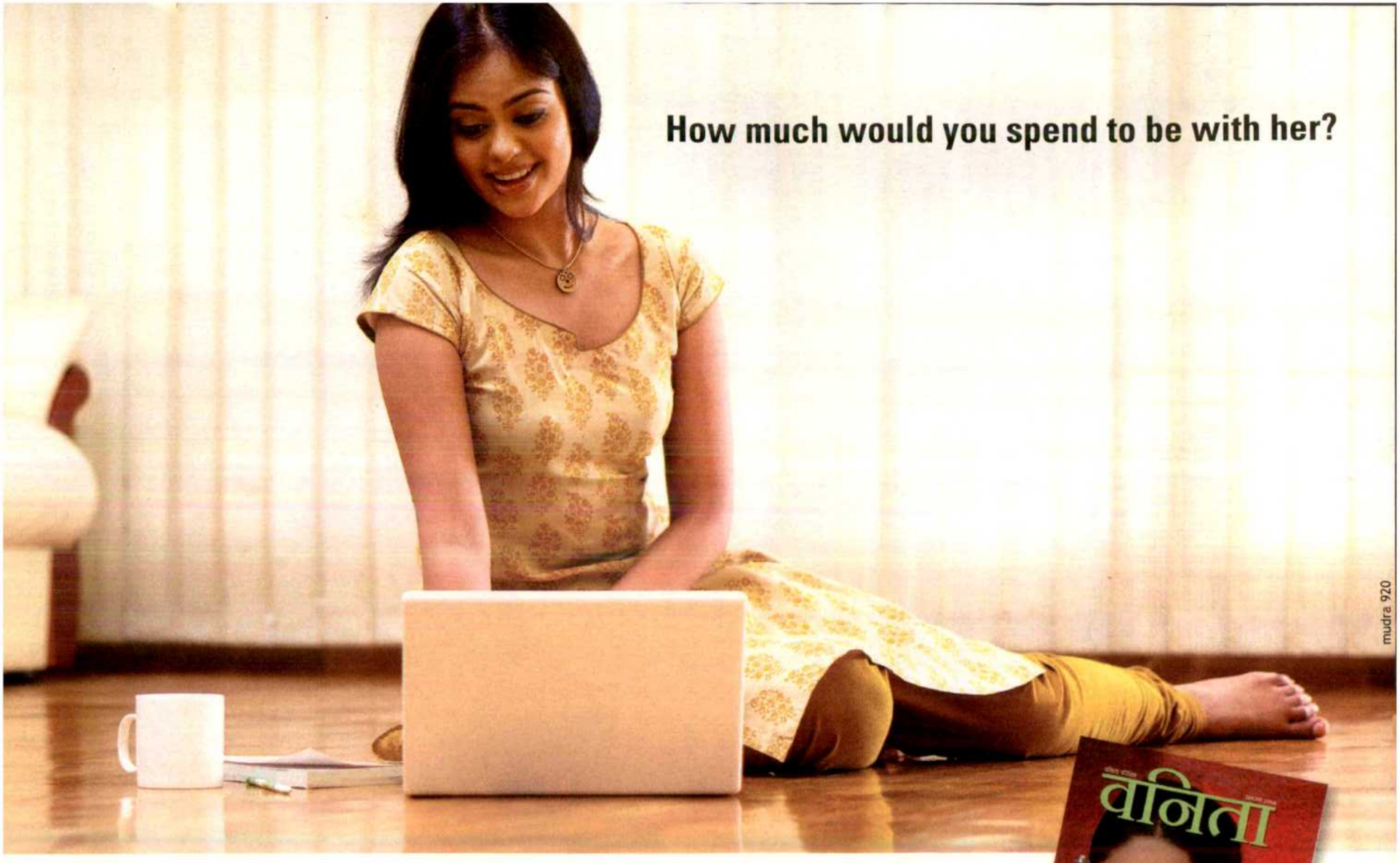
Then came the oil crisis of 1973; the rise in the oil bill wrecked oil-importing developing countries' balances of payments. They were unable to service their debts to development banks. The oil sheikhs suddenly got rich, and deposited their new-found riches in New York banks. So for a while, Latin American countries could go and borrow in New York. But they could not repay their loans either. By the 1980s, most of them were bankrupt. Not just they; most of the developing world was no longer creditworthy; and there were no longer enough solvent customers for the development banks.

The game changed again in the 1980s. The Japanese, with their huge payments surpluses, had loose cash, and looked for borrowers. In the 1990s, the US built up a diversified financial market. Today, private money is abundant in the world's financial centres; financiers are prepared to package it in many ways, and give it to anyone who can give them profit.

This is the financial world that Chavez hates; but it is a world he must reckon with and compete with. Creditworthy Latin American countries will go to London and New York, where they will have many takers for their good projects. Not-so-solvent countries with not-so-promising projects will go to Banco del Sur. Chavez has a good idea, but he still has to find a good business model.

Can he find one? Yes, but not in conventional banking. With his money, he should persuade Latin American countries to unify their currencies. That would eliminate currency risk, and cure those countries of their worst disease – overissue of currency, leading to inflation. And he should look for entrepreneurs that can put money to good use, not for borrowers. ■

Hugo Chavez should persuade Latin American countries to unify their currencies and start a venture capital fund for them



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Grip on IPOs

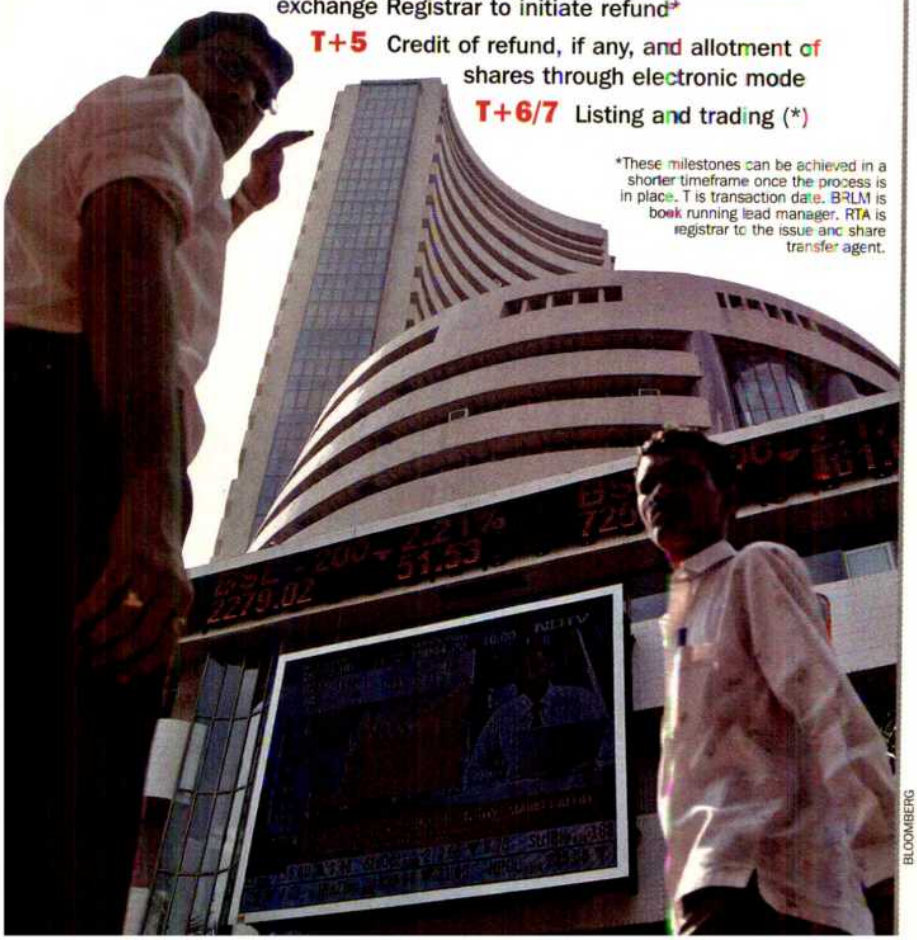
Sebi must not delay the implementation of the Grip's (group on review of issue process) report on a need for faster IPOs

An IPO in seven days

The Grip commission has proposed that IPOs should be wrapped up in seven days instead of the current 21

- **T** Closing date of the issue
- **T+1** Stock exchange/clearing corporation to submit funds and application data to BRLM/registrar*
- **T+2** Clearing corporation to carry out fund settlement for brokers bid data to BRLM/RTA
- **T+3** Reconciliation by RTA* and Preparation of basis of allotment
- **T+4** Approval to the basis of allotment by the designated stock exchange Registrar to initiate refund*
- **T+5** Credit of refund, if any, and allotment of shares through electronic mode
- **T+6/7** Listing and trading (*)

*These milestones can be achieved in a shorter timeframe once the process is in place. T is transaction date. BRLM is book running lead manager. RTA is registrar to the issue and share transfer agent.



BLOOMBERG

NO MORE DELAYS: The Grip report is aimed at streamlining the processes in the primary market

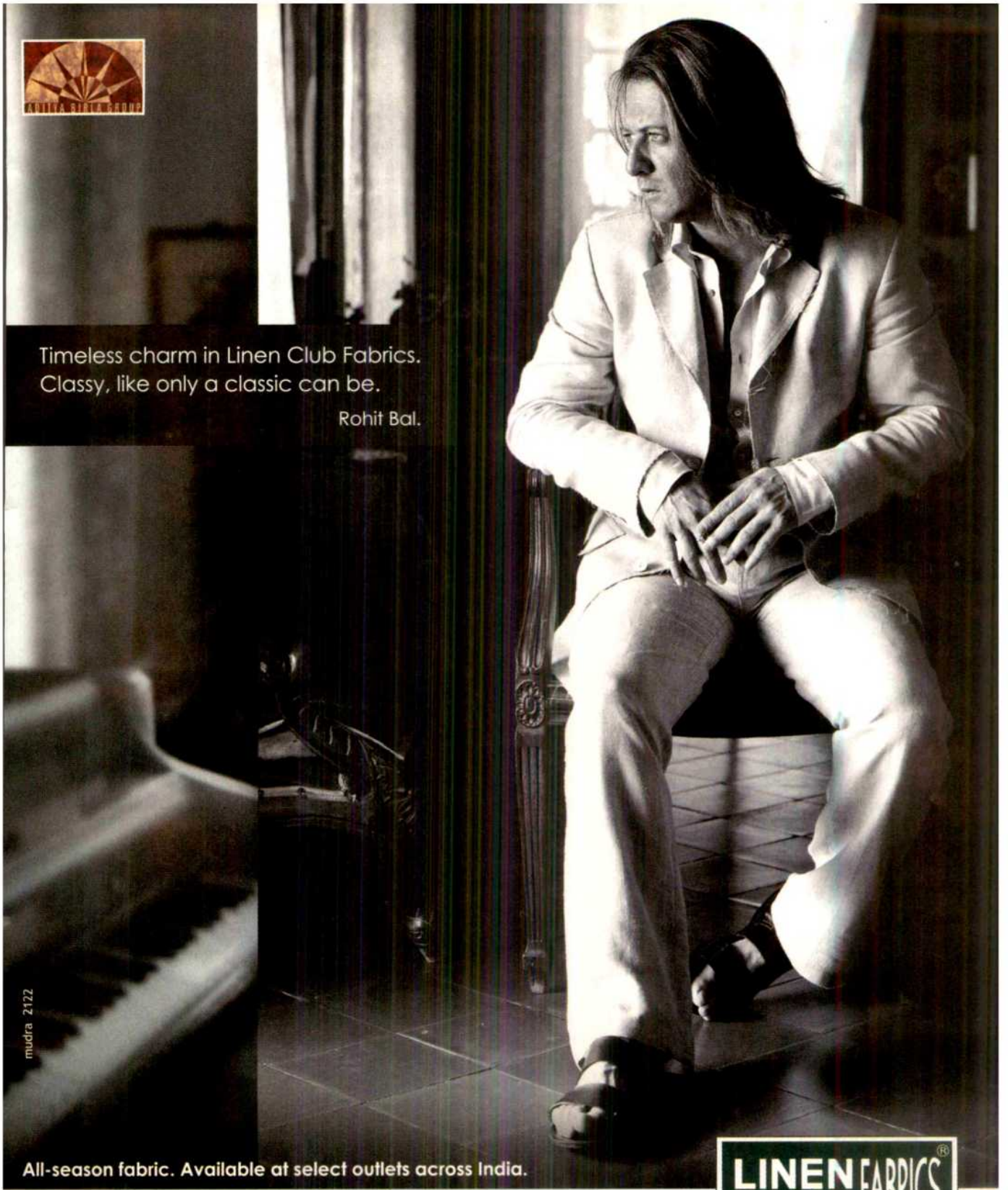
P. VAIDYANATHAN IYER

THE initial public offering (IPO) market may be in for a major overhaul in the year 2008 with a Sebi-appointed committee making recommendations with far-reaching implications. It has suggested setting up of a central integrated platform allowing investors to apply in public issues through the internet. More significantly, it has put forth a plan aimed at streamlining the entire IPO process, such that retail investors' money is locked in an issue for just a week compared with almost a month now.

The group on review of issue process (Grip), set up by the primary market advisory committee of Sebi in July 2007, has made a strong pitch for reducing the timeline for listing of companies to a week (see 'An IPO In Seven Days'). To achieve this, it has suggested exploiting the widespread broker network in the secondary market and making it available for investors who do not have internet access to apply for shares electronically. Brokers will receive application money from investors upfront and pay it to the issuer through the exchange's clearing corporation.

While the processes in the secondary market have been streamlined over the past couple of years, the primary market still remains messy — right from the application stage to price discovery and listing stages. Stock exchanges, as well as other intermediaries, have exploited technology well in the secondary market to cut the settlement cycle to just T+2 days. Internet trading, too, has shot up dramatically to 12 per cent of all trades now from 0.5 per cent in 2000-01.

It is high time the regulator corrected the warped timelines and stuck



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to the spirit of its public offer guidelines than strictly adhering to the letter. This has often led to inordinate delays in listing of companies without improving transparency and helping investors in any meaningful way. Grip has also identified a host of sticky areas that hold up the IPO process.

For instance, the group says that Sebi and the stock exchanges may go ahead and process draft prospectuses of companies even if they have not received any shareholder approval for the IPO or are still awaiting high court clearances for mergers and demergers. Moreover, conversion of outstanding debentures or warrants into equity shares — though required under the Disclosure and Investor Protection (DIP) guidelines — must not stop Sebi from processing the draft offer, provided these instruments carry at least a one-year lock-in period and are not issued to promoters. While the offers are being verified by the regulator, the merchant banker can simultaneously carry out these procedures.

Price discovery

Most issues are priced at cut-off, showing the futility of having a price band

Company	Issue price (Rs)	Closing price on listing (Rs)	Premium (%)
Everonn Systems India	140	477.35	241
Religare Entp.	185	525.3	184
Vishal Retail	270	753.1	179
Nitin Fire Protection Inc.	190	484.85	155
ICRA	330	803.25	143
Mic Electronics	150	338.15	125
Global Broadcast News	250	505.9	102
Power Grid Corp. of India	52	100.6	93
Varun Industries	60	112.2	87
Roman Tarmat	175	319.2	82

Source: Grip draft report

The group has come up with a novel suggestion to make the price discovery process more real in a public issue. At present, it seems to be a farce, with almost all companies indicating a band in their draft red herring prospectuses (DRHPs). Invariably, the so-called price discovery happens at the higher end of the band, which for all practical purposes serves the function of a cap or ceiling. Retail investors have no choice but to apply at the cut-off, that is, the upper end of the band, to ensure they are in the race for allotment!

And also, since the allotment basis is dependent on a minimum allotment size, many applicants end up not getting any shares. For them, an allotment is more like a lottery since all issues are subscribed many times over and companies get listed at a huge premium vis-à-vis their offer price (see table 'Price Discovery').

Grip says companies must give a single indicative price in their DRHP. Qualified institutional buyers (QIBs) and other investors will then bid at various points, over and below the indicative price. This will ensure a better price discovery and, perhaps, reflect the potential listing price of the share.

For retail investors, it suggests fixing of a 20 per cent margin over the indicative price. If the indicative price is, say, Rs 100, the retail investor can at best place a bid of Rs 120. If the price discovered is lower than Rs 120, the investor will be allotted shares at the price discovered and the excess money will be refunded. If it is higher than Rs 120, then he would be allotted shares at Rs 120. This will help him take a call on the maximum price at which he can expect allotment, similar to the cut-off price (higher end of the price band under the current issue).

Hopefully, this will not trigger another scam with ingenious market players trying to corner lower-priced shares meant for retail investors. As far as squeezing the timeline for listing is concerned, the group notes that the duplication efforts of capturing data in physical forms by various intermediaries, including syndicate members, bankers to the issue and registrar, takes considerable time.

Besides, it takes a long time for physical application forms from across the country to reach a central location for processing. By leveraging internet technologies and sophisticated electronic networks of secondary market brokers, it noted that inefficiencies and potential errors in the existing system can be overcome.

It has suggested setting up of a central integrated platform (CIP) that could be accessed through multiple nodes including the internet and broker terminals. The CIP will route the information pertaining to investors in a particular issue to a central database. The central database will in the first instance be created using the database available with stock exchanges and depositories. The CIP and the central database must capture information required for registrars for processing and determining the basis of allotment. These two must be owned by Sebi, but the services may be rendered by any other entity suitable for the purpose. The front end entities providing CIP access to investors must have links to payment gateways that stock exchanges or banks provide to enable direct and real-time debit of funds.

Besides this, Grip has sought a doubling of the investment limit on applications by retail investors to Rs 2 lakh. And since pension funds and insurance companies represent small investors, the group said that at least 5 per cent of the issue should be earmarked for these entities similar to that done for mutual funds. This can be provided for within the overall 50 per cent reservation for QIBs. For creating a level playing field, foreign institutional investors and mutual funds should be allowed to borrow for investing in public issues just like high networth individuals. At the same time, however, they will have to pay 100 per cent of the application money, and not 10 per cent margin as they do today, as the gap between application and allotment would be reduced.

But this is not the first time the stock-market regulator is working on overhauling the IPO process. Sebi had, way back in November 2000, issued guidelines for e-IPOs. Subsequently, it had set up a Smile (Securities Market Infrastructure Leveraging Expert) task force that submitted its report in 2004. But, most of the recommendations have still not been implemented for various reasons — largely regulatory and stock exchange inertia. Hopefully, Sebi will get a firm Grip this time around. ■

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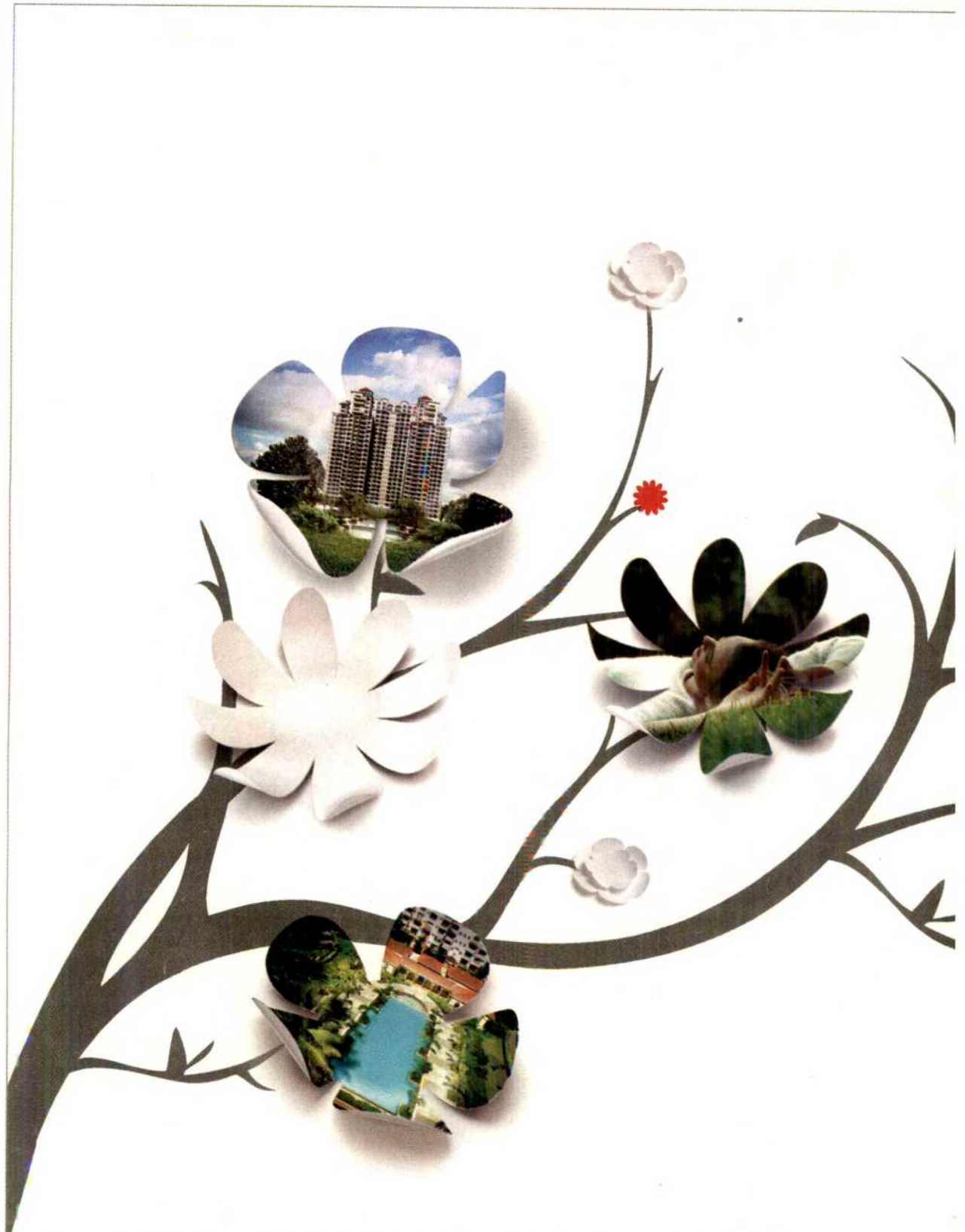

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special report

BEYOND GENERICS

Indian pharma companies are hiving off R&D units into separate companies in their quest for new drugs.

By Gauri Kamath

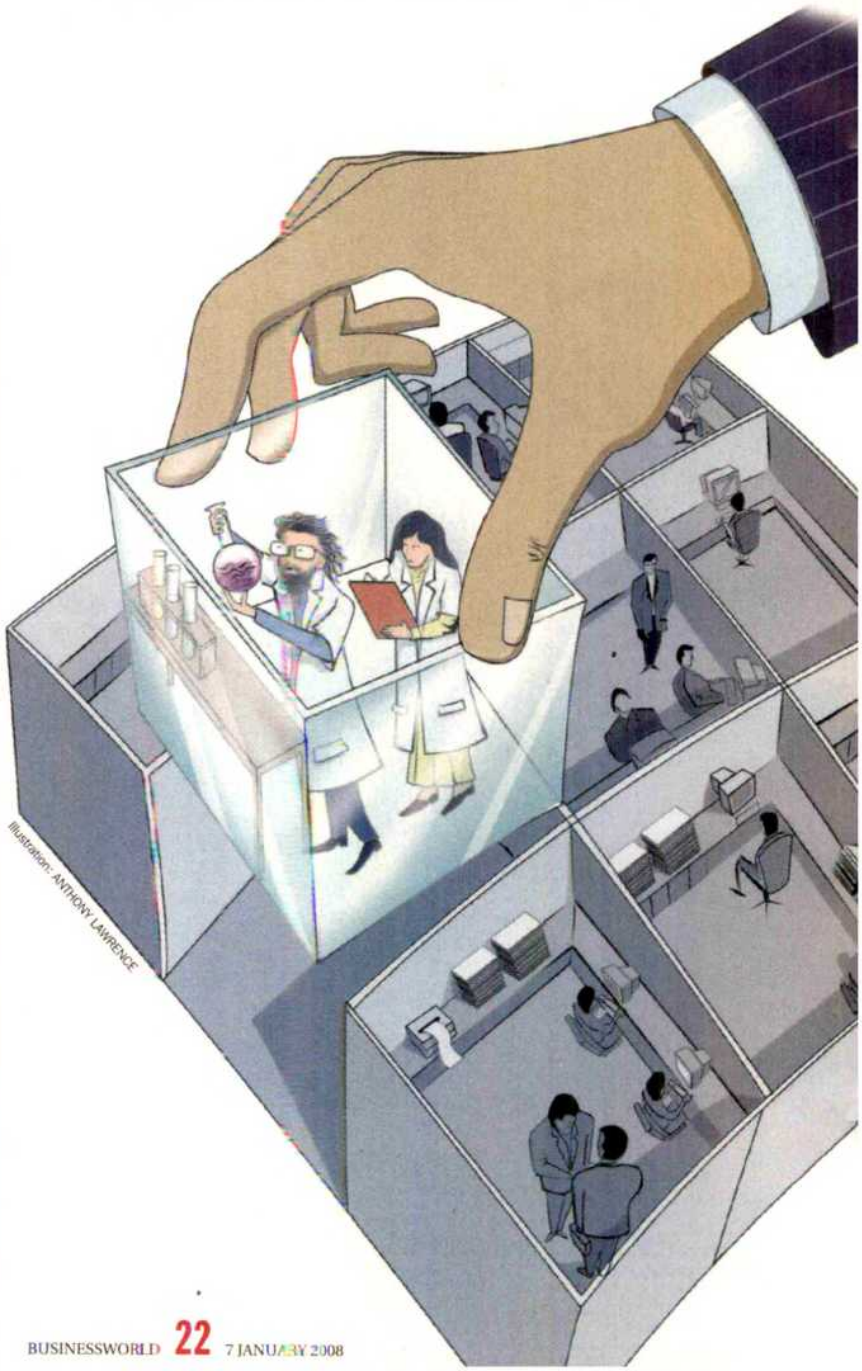


Illustration: ANTHONY LAWRENCE

ANDREAS Wicki has been keeping close tabs on India's $8-billion pharmaceutical industry for four years now. Wicki is CEO of Swiss investment firm HBM Partners, one among the many financial investors with a stake in India's pharma growth story. HBM owns small stakes in 14 Indian drug makers purchased on the secondary market. But recent developments give this biochemist-turned-entrepreneur a chance to be a far more active participant. A growing number of India's copycat drug makers are carving out their new drug discovery and development wings into independent companies in a bid to derisk generics, sharpen focus on R&D and, happily for Wicki, invite more long-term investors in the new units. For HBM, which counts a host of predominantly western R&D hot shops among its investments, this presents a rare opportunity to shape India's quest for completely new drugs. "HBM is interested in innovation and we are excited," says Wicki.

Several thousand miles from Wicki's Zurich headquarters, in the throbbing Mumbai suburb of Andheri, sits Dilip Shanghvi, chairman and managing director of Sun Pharmaceutical Industries, India's most valuable pharma company. On 18 July, Shanghvi orchestrated the debut of India's first focused pharma research and development (R&D) company on the Bombay Stock Exchange (BSE). Sun Pharma Advanced Research Company (Sparc) is the demerged new drug R&D activity of Sun Pharma. Shanghvi, chairman of both, says that some of Sun's investors have already sold Sparc's stock. "The investors Sun has are growth-oriented," he had told *BW* almost two years ago. "But R&D needs those who understand its risky nature." The forming of Sparc is one step towards getting them on board. Once Sparc showcases its research pipeline, there will be more churn, says Shanghvi now. In recent months, blue chips such as Mumbai's Nicholas Piramal and Gurgaon's Ranbaxy Laboratories announced similar plans.

Leading Indian companies have spent hundreds of crores in their quest for a new drug. Yet, 14 years after the first investment, India has not given the world a proven new drug. That is not unexpected. Estimates suggest it takes 12-14 years on average, sometimes 20. But investors who bought into the generics story with alacrity seem to be running out of patience. "The stock-market is short-term focused," says Glenn Saldanha, CEO and managing director of Mumbai's Glenmark Pharmaceuticals. "What analysts value today is the cash flows that come from licensing out of these drugs. They will never value my entire R&D pipeline." Licensing is essentially the handing over of an unproven drug candidate for human trials to another company with the resources and the skills to do them in exchange for licensing fees. Glenmark is the only Indian drug maker to have earned as much as $100 million in such fees.

With Glenmark's exception, companies still get revenues from copycats. Shareholders are questioning rising R&D spends and no matching income. "We have to grow generics, continue to make investments in new drug R&D, and keep growing earnings per share," says Malvinder Mohan Singh, CEO and MD of Ranbaxy. "That's too many balls in the air."

The R&D demerger is a response to this. These new entities can raise capital on better terms from investors such as Wicki who are willing to go the long haul. The separation should help attract and retain the best talent by using incentives such as stock options. This should translate into more and better research, and new drugs on the market in the next five years. "This could be the first step towards making India the next pharma R&D centre after the US, Europe and Japan," says Sujay Shetty, associate director of US consultancy PricewaterhouseCoopers in Mumbai, whose firm is advising Ranbaxy.

HEMANT MISHRA

Dilip Shanghvi, Chairman & MD
Sun Pharmaceutical Industries

What it has done: Demerged new drug discovery and development activity into a separate company, Sparc, which listed this July on the BSE. Shanghvi controls both.

What it means: Allows investors who are interested only in the core generics business of Sun Pharma to exit Sparc in favour of those who understand the risky nature of R&D.

EXECUTIVE SUMMARY

- Companies like Sun Pharma and Nicholas Piramal are turning R&D units into independent companies
- The idea is to insulate generics from the risks of innovation, sharpen focus on R&D and improve valuations of both

BLOOMBERG

Ajay Piramal, Chairman
Nicholas Piramal India

What it has done: Hived off drug discovery and development activity into a new company held largely by existing shareholders. Nicholas Piramal still owns 18 per cent in it.

What it means: Allows Nicholas to exit over next five years in favour of strategic or financial investors who want a share of the R&D pie, and earn favourable returns for its R&D investment thus far. Sharpens focus on research.

They will have to proceed with care. For one, there is no such precedent anywhere in the world. Large western companies—such as US's Pfizer and UK's GlaxoSmithKline—whose drugs they have copied so far, have not done it. Nor have any large generics players such as Teva of Israel. Two, the R&D satellite is separating from the mother ship at a crucial juncture. More drugs are entering human trials where the cash burn rate increases substantially. "If they don't get funding for this activity, there will be mortality," says G.V. Prasad, vice-chairman and CEO of Hyderabad's Dr. Reddy's Laboratories. "Do these companies have enough R&D in their pipeline to sustain cash flow?"

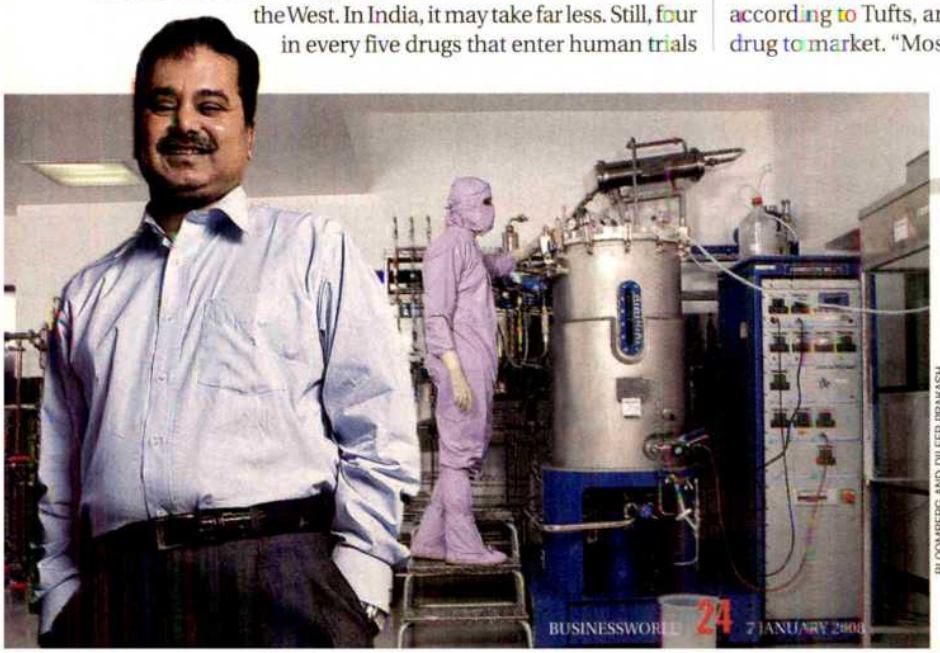
More on that later. First, why now?

Between Two Stools

In 2001, Boston's Tufts University estimated that it takes nearly $1 billion for a new drug to move from the lab to the market in the West. In India, it may take far less. Still, four in every five drugs that enter human trials do not make it. This makes R&D a long-term play. By contrast, launching copies takes a couple of years and a few hundred thousand dollars of investment.

The Big Pharma model is to pump billions of dollars into R&D every year and recover them from a few blockbuster drugs. Few hawk generics, and even if they do, it is through a separate company. Sandoz, world No. 2 in generics, is owned by Novartis. In India, the same company has been doing both. Until recently, that was fine. R&D spends were negligible and generics spewed out buckets of cash from exports to the West. But now competitive pressures in generics have taken a toll. Kamal Sharma, MD of Mumbai drug maker Lupin, says that as a rule of thumb, three out of ten generic drugs generated substantial cash flow in the US earlier. Now, one out of ten would. "There is pricing pressure," he says.

In parallel, new drug R&D costs have shot up. More drugs are moving from the lab to the clinic for human trials, which, according to Tufts, are more than half the cost of bringing a drug to market. "Most of the time, investors look at this as a



BLOOMBERG AND DILEEP PRAKASH

G.V. Prasad, Vice-Chairman
Dr. Reddy's Laboratories

What it has done: Transferred some new molecules to a new company, Perlecan Pharma funded by private equity players.

What it means: Derisks generics and ensures unhindered development of those drugs. New drug research remains with Dr. Reddy's. Perlecan is yet to evolve into an integrated drug development company with its own management.

cost," says Ajay Piramal, chairman of Mumbai's Nicholas Piramal, a top 10 pharma company. "Not as an investment to create an asset for the future."

He has a point. The stockmarket boom has bypassed some Indian blue chips. Partly, this is a cooling down of the generics story. But also, rising R&D spends are seen as a drag on bottom lines. "Aside from Glenmark, other companies are probably being punished for investing in it," says Rishi Gupta, a private equity principal at the New York office of OrbiMed Advisors, a healthcare investment firm. (Sun, too, is an exception, since its generics business fared better than some others'.)

By separating generics and R&D, companies insulate generics from the costs and risks of R&D. Ranbaxy, Nicholas and Sun Pharma will collectively save over Rs 200 crore in the first year of separation. Following its board's approval to demerge the R&D unit in February 2006, Sun Pharma's stock gained about Rs 100. Ranbaxy and Nicholas also saw a spurt in share prices. If market cap improves, companies can use stock as currency to make large generics acquisitions. They force their R&D wings out of the shadow — and protection — of the generics business as well. "This puts greater responsibility on R&D to deliver," says Piramal.

Malvinder Singh, CEO and Managing Director
Ranbaxy Laboratories

What it has done: Plans to demerge new drug R&D activity into a separate company. Details not made public. Says it will be a mix of the Sun and Nicholas approach.

What it means: Improves valuations of Ranbaxy, and the new venture. The latter will list on a local or a foreign bourse and raise capital if necessary.

The units are not exactly being thrown to the wolves, though. Every company is turning over a chunk of cash to the new R&D entity. But once this is used up, they are pretty much on their own. By then, two things might happen. One, some of the drugs that are currently in early trials should reach a point where they are shown to work in human beings. This validation of their research — called 'proof of concept' — should trigger licensing deals with western companies. As Glenmark has shown, this cash can sustain the activity.

Two, Big Pharma may pick up minority stakes as part of a larger agreement involving joint R&D. Piramal says this would help raise money, and get a partner from whom it can learn. Take Millennium Pharmaceuticals, a US biotech company. It raised over $300 million from German drug maker Bayer in 1998 for a 14 per cent stake and rights to some new biological targets for drugs, an area where Bayer considered itself weak. Bayer eventually sold its stake for a profit, while Millennium gained experience in drug discovery and development. It also got to keep rights to most of those targets.

Three, investors such as OrbiMed or Indian private equity firms such as ICICI Venture may plough money into a focused R&D company.

Four, these companies could also make a fresh offering of shares. The same institutions that invested in generics could invest under a different scheme or fund in R&D. Other innovative models could involve a mix of these.

The timing seems right. By one estimate, Indian pharma companies have raised $4 billion through public issues, foreign currency convertible bonds, global depository receipts and private equity since 2003. "The capital environment is benign right now," says PwC's Shetty. But there are unanswered questions.

Focus, Focus

Traditionally, investors such as HBM and OrbiMed work with small companies that are focused around one cutting-edge

BLOOMBERG AND AMIT VERMA

platform allowing multiple new product developments. Such companies also attract attention from Big Pharma which is looking for a specific hole in its R&D activity to be filled up. Indian R&D programmes are rarely that focused. They do a mix of everything from new drugs to new drug delivery systems, from discovery to development. This is partly a result of how they have started out. The end-game was to come up with a drug candidate that can be licensed to Big Pharma for human trials. Companies chose potential blockbusters of Big Pharma and tried to come up with improved versions. Take Dr. Reddy's. Its balaglitazone is a new, improved 'glitazone', a class of diabetes drugs that has spawned blockbusters Actos and Avandia. This approach banks on the chemistry skills of Indian scientists to tinker with molecules to come up with something better.

The risk is you might not find always something superior to what is already on the market. So investors get a mixed bag. "As a potential investor, quality is what you want to see," says Gupta of OrbiMed. "One drug that can be significant commercially and make it to the market will drive more value than 10 drugs in earlier stages of development that are less differentiated than what is already on the market."

Also, by and large, R&D activities have been structured to minimise risk. This involves running low-risk but low-return programmes alongside high-risk, high-return ones. For instance, Sun Pharma works not just on drugs but also delivery systems with shorter gestations. Some of these have lower market potential than new drugs. But it makes Sparc "better balanced, allowing it to invest lesser funds yet unlock more value", says Rajesh Vora, pharma analyst at brokerage ICICI Securities in a report.

The result is a panoply of products and activities with differing prospects and funding needs housed in one company. "We are still struggling to find the kind of innovation that we

SANJIT KUNDU

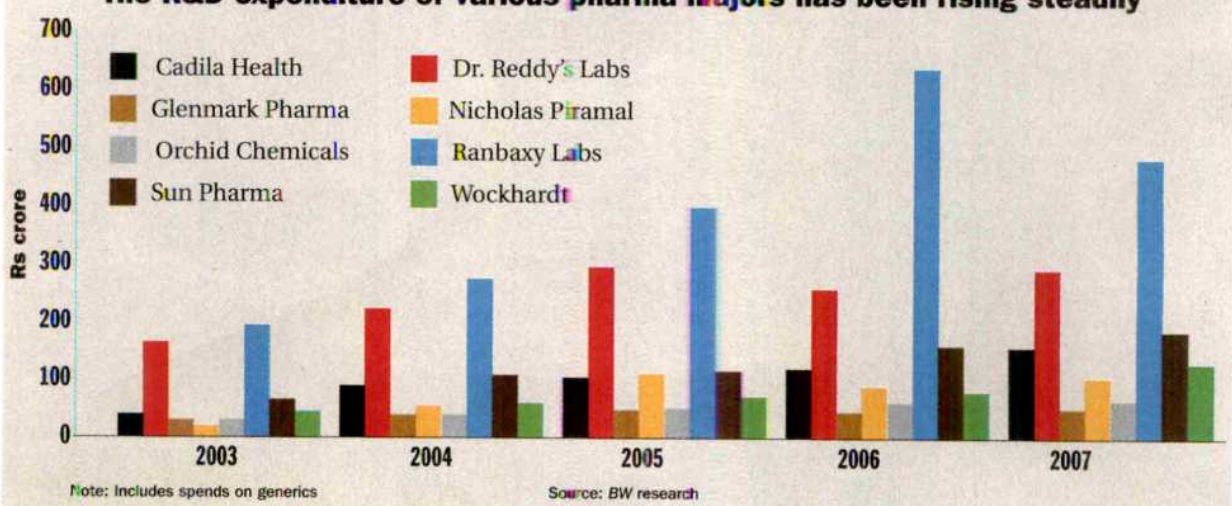
Glenn Saldanha, CEO and Managing Director
Glenmark Pharmaceuticals

What it has done: Spun off the vanilla generics business to a wholly-owned subsidiary, Glenmark Generics, while retaining new drug R&D activity and branded generics in Glenmark.

What it means: Glenmark Generics will go public to raise money for future expansion. Glenmark Pharma will also divest some of its holding in this to fund R&D and branded generics. Saldanha will continue to control both.

R&D riding high

The R&D expenditure of various pharma majors has been rising steadily



Note: Includes spends on generics

Source: *BW* research

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finance in the West," says Wicki. For a prospective financier, this begs the question: Can he cherry pick? If not, then will companies have other ways to bring focus to this mixed bag?

There is a partial precedent. In September 2005, Dr. Reddy's put four drugs that were in different stages of animal and human testing into a company called Perlecan Pharma funded mainly by ICICI Venture and Citigroup Venture Capital. For investors, Perlecan was a focused drug development company that could eventually take drugs of a few other companies halfway through trials, and then seek licensing partnerships.

But it is yet to get there. Perlecan exists only on paper to reimburse the costs incurred by Dr. Reddy's in developing those drugs. "Perlecan appears to have done nothing to enhance value (of its pipeline) like hire different management, or rethink development milestones of these drugs," says Swaminathan Subramaniam, who heads Danish firm Rheoscience in India, which is developing balaglitazone with Dr. Reddy's. This is a far cry from its goal — to be a drug development company managed by an independent board and executive management team.

There could be two reasons for this. The raison d'etre of Perlecan is Dr. Reddy's decision to derisk the generics company. But having done that, reckons Subramaniam, it has done less justice to the new drugs than it thought it would. "Its eye is off Perlecan's pipeline," he says. Prasad says Perlecan is not ready to get a new team on board. "We will hire a team at the right time when we have critical size," he says. "We are still waiting for the right time." A recent news report suggested that the private equity investors might sell Perlecan back to Dr. Reddy's. It is pertinent to ask, then — are the recent spin-offs simply about derisking generics or about putting new drug research into another orbit? Companies say it's both.

Just A Beginning

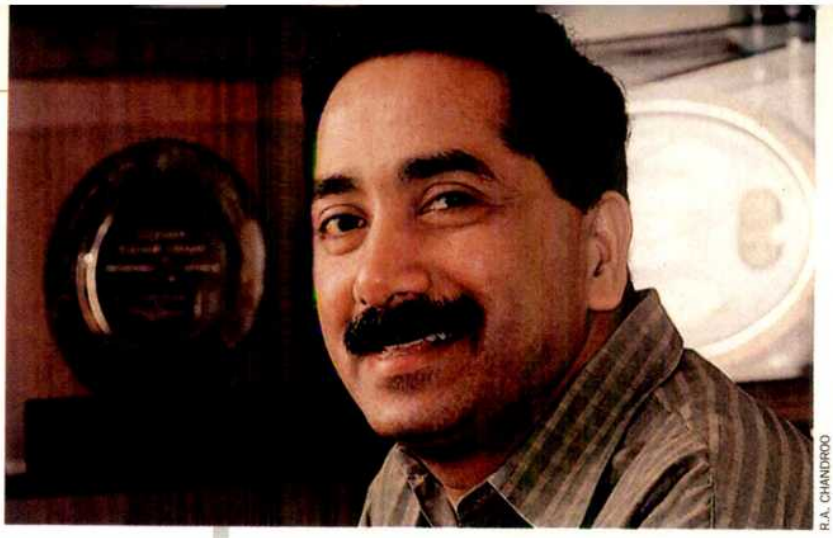
If so, says Subramaniam, then a lot more needs to be done. For one, a focused R&D company will need an independent team that is driven by a passion for the science and commercial acumen that is truly involved in its running. "The important thing is brilliant leadership and active management," says Subramaniam. "It cannot happen passively — it needs nimble, agile decision making."

Two, when time comes to raise capital, owners may be called upon to dilute their stake. What if an outside investor had to be brought in to raise capital? As a minority shareholder, it may have little say in the running of the company. "It would not be a truly independent situation," says Wicki of HBM. Going back to the mixed bag quandary, the investor may believe that a drug or research programme has to be killed to funnel more resources into something that is showing more promise. But it may have little control on where funds are allocated. "If he wants to raise capital, the promoter has to be willing to lose control."

But will they? Take Glenmark. Whatever he may think about the secondary market's ability to value R&D, Saldanha is living with it. Instead, he has transferred the generics business to a subsidiary that will list on BSE. Glenmark will raise money by selling some of its stock in this new company, Glenmark Generics. That way Saldanha retains control on both. Others such as Zydus Cadila and Lupin have yet to separate the two.

It is too early for companies to have all the answers. They have a lot in their favour. Unlike traditional start-ups, these R&D units have been incubated by cash-rich generics companies. They have had time and the best infrastructure at their disposal. Money too may come. But that won't be enough. In the late 1990s, biotech companies raised billions of dollars. Yet in 2006, US public biotech companies netted losses of $3.5 billion as many promising advances got delayed or canned.

A lot now depends on how these new R&D companies perform going forward. "The past 10 years are inconsequential to this debate," says Shetty. "It is the next 10 that will count." ■



R.A. CHANDROO

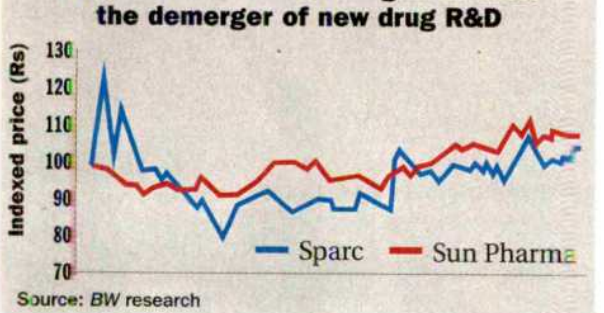
K. Raghavendra Rao, Managing Director
Orchid Chemicals & Pharmaceuticals

What it has done: Consolidated new drug research into two subsidiaries in US and India with own management teams.

What it means: Enhances focus and performance. May eventually attract financial investors into these companies.

The sun rises

Sun Pharma's stock has gained after the demerger of new drug R&D



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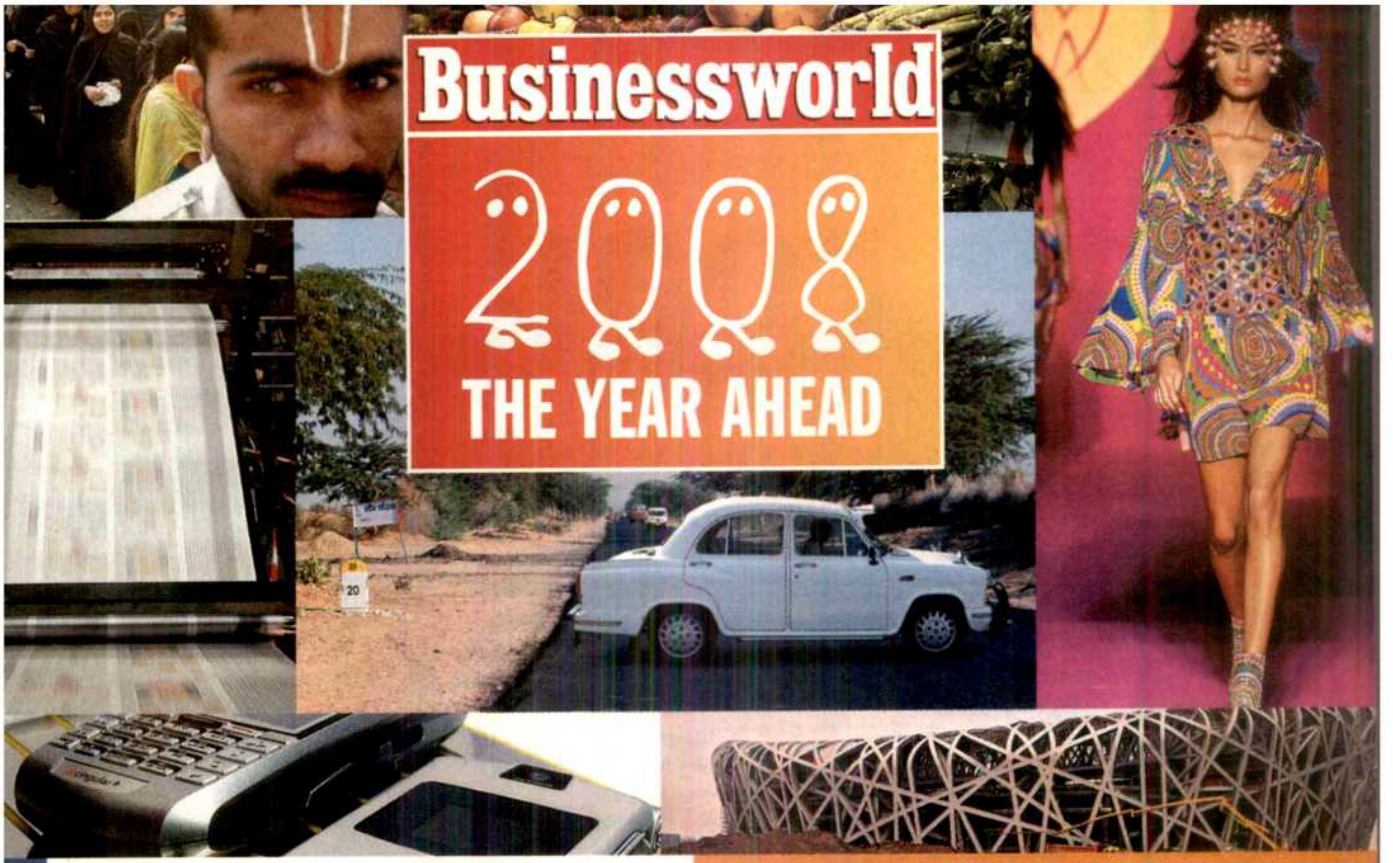

Businessworld

2008

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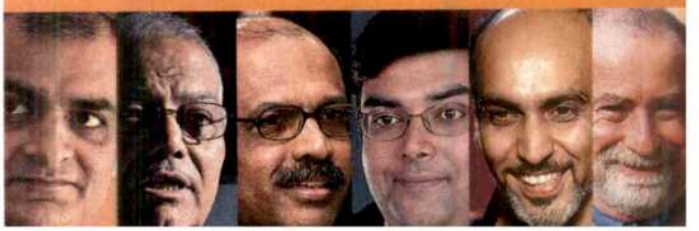


The road ahead

AMIT VERMA / TRIBHUWAN SHARMA

A MAN at a party asks a friend if he knows what it means when someone says he will meet you at *the* place at *the* time. The friend doesn't know, and it takes an American expat to explain that it means meeting on New Year's Eve at Times Square in New York.

Funny, yes, but that it is expected for an Indian to know this social teaser underlines how America is *the* country of our times and *the* centre of everything. But this is changing. 2008 will probably go down as a turning point in history, when the power of one great democracy began to shift in favour of another — India. Come November, the Democrats will regain the White House, breaking up the cabal of neo-conservatives that seek to restrain this century from being Asian and keep it American. By then, the full scale of the subprime crisis will also have revealed itself and the US economy will be hurting badly. The dollar will sink to new lows while Asian currencies will be rising, allowing the purchasing power of Americans and Asians to move towards convergence. Without a strong dollar, the US will fail to attract investors to its Treasury bills, making the country's $275-billion deficit difficult to finance. The political and financial costs of the misguided war in Iraq will also weigh on America for decades, pulling lower its already declining wages. All this could pull the guts out of the world's largest economy, turning it into a nation of burger flippers and hair dressers, much like the UK is already becoming, outside of the City. In Asia, however, traditional entrepreneurial zeal unfettered by restrictive laws would allow the region to flourish, de-couple itself economically from the US and turn itself into the world's new centre, with China and India as its twin capitals.

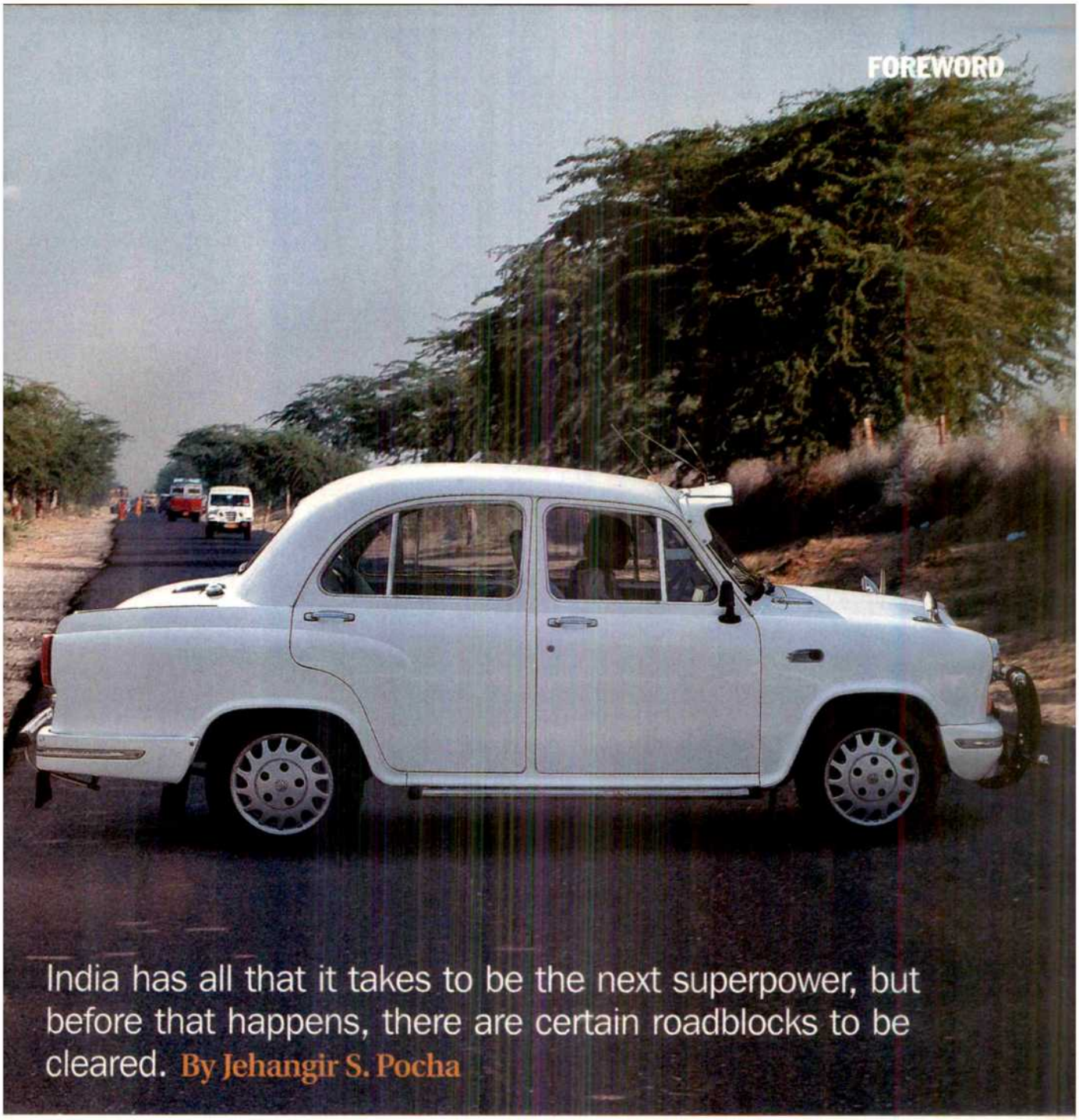
Or so goes the prediction of many western doomsday economists and eastern dreamers.

Reality may be a bit different. The pundits foretelling the US's decline may be right in delineating that country's weaknesses. But they often err in overstating India's and Asia's strengths — and of course wilfully ignoring their weaknesses. Understandably, a public hungry for good news is failing to acknowledge this mismatch between hyperbole and reality. Years of scorching economic growth and media adulation have seduced many people into taking growth for granted. An ineffable confidence in the future is gripping much of India, much like the bubble of optimism that the US ensconced itself within during the dot-com boom. But the year ahead, though full of promise, is also full of obstacles.

THE good news is that the dynamism of India's business community will likely swell. Companies have embraced the concept of scale and are investing ambitiously in expansion. The importance of research and development is also being understood by India Inc., with pharmaceutical companies — such as Sun Pharma and Nicholas Piramal — leading the way by hiving off their research labs into independent companies. Companies are also focusing on customer satisfaction, with many making huge investments in the hard and soft elements that win consumer loyalty.

This, coupled with continuing strong domestic demand, should boost profits for most companies and keep investors hooked on stocks, which will remain the preferred investment vehicle even if the Sensex underperforms and the government succeeds in its plans to build a better debt market. In 'Hot Stocks' on page 46, we have asked leading brokers and investors to outline their thoughts on which stocks in which sectors are likely to boom in 2008.

Casting a pall over all this is the worry that the full blowback of the subprime crisis is yet to reveal itself. India could be hit badly when the problem fully

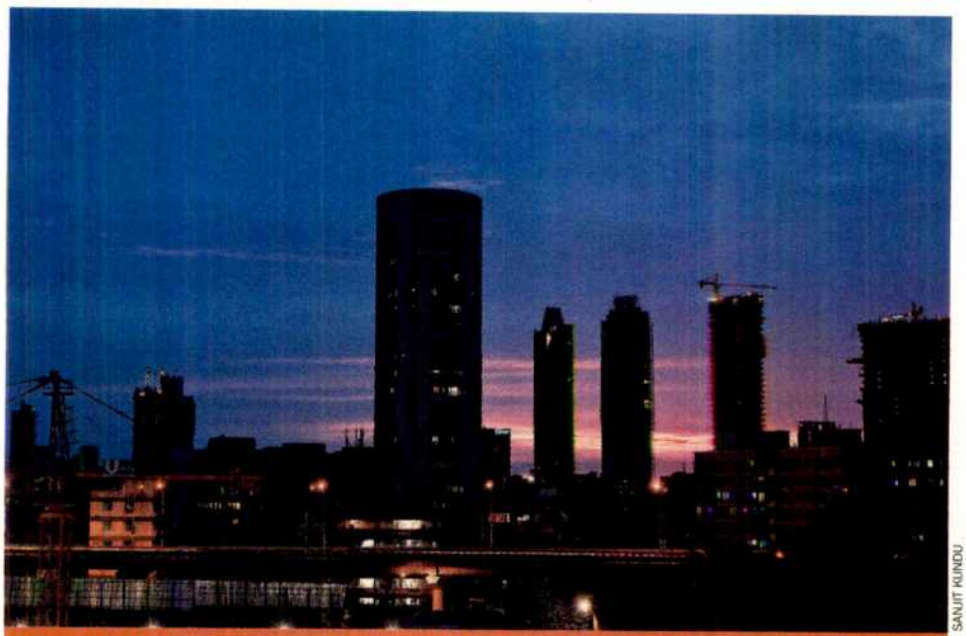


India has all that it takes to be the next superpower, but before that happens, there are certain roadblocks to be cleared. **By Jehangir S. Pocha**

manifests. For one, global liquidity, which facilitated deals such as Hindalco's takeover of Novelis, will dry up. This will limit the opportunities for Indian firms to make leveraged buy-outs overseas. A reduction in global risk appetites would also thin the flow of FII money that has kept our stockmarkets buoyant when others are sinking. The Sensex could fall by 20-30 per cent, many brokers warn.

THE damage could be more severe in real estate, with prices falling by as much as 50 per cent in many markets. Contrary to rules, several large foreign investment houses have been pouring billions of dollars of debt into Indian real estate companies through a series of offshore manoeuvres. The companies, many of them run by shady operators, have used the money, as well as their local ties with crooked politicians and officials, to pump up prices so much that middle class people are already priced out of the market. It's become coffee-time conversation to predict a crash in housing prices, but not everyone realises just how much of the economy could experience sympathetic pains if this happens. The truth is India could suffer the same fate as South-east Asia did in 1997, when a bursting real estate bubble threw the region off-kilter for years. The government should act now against the real estate companies and banks fuelling the boom, but it won't. It's too corrupt and too incompetent, especially at state and local levels where the real estate industry really functions.

In the event of a liquidity crunch, the Reserve Bank will probably cut interest rates to help consumers and growing



SANJIT KUNDU

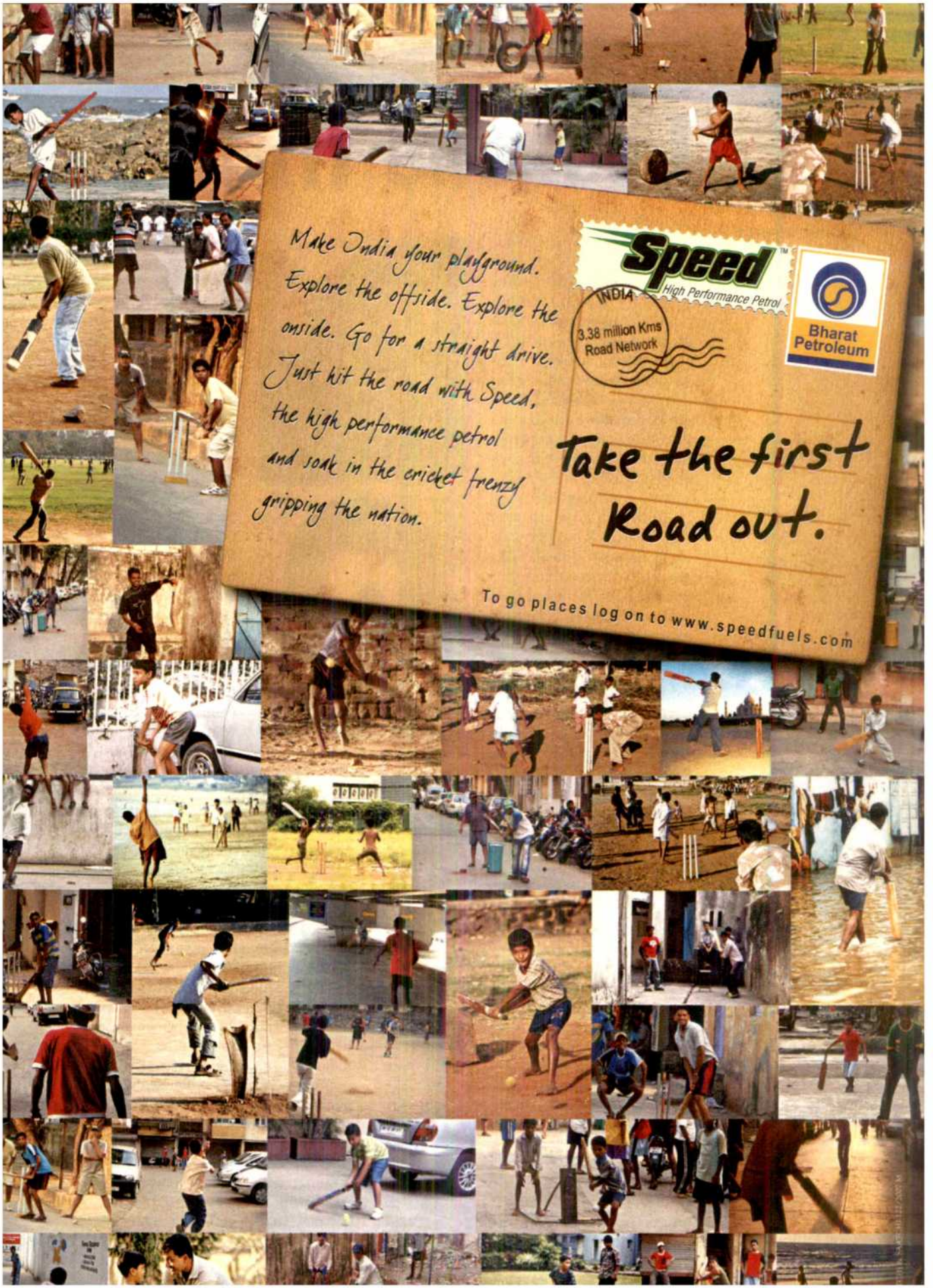
A GROWING BUBBLE: Real estate could be one of the worst-hit sectors in the blowback of the subprime crisis

companies. The finance ministry's concerns that this could fuel inflation would be moderated by the fact that FII inflows would also be lower. The finance ministry could also address inflation itself, instead of continually asking the RBI to bail it out. For one, the February budget could cut wasteful expenditure on well-meaning but hopelessly corrupt development schemes. But this is unlikely to happen in an election year, when party cadres and workers need to draw from government programmes to fund campaigns. Of course, the finance ministry could also control inflation by lowering import duties. This would allow consumers to benefit from the strong rupee and actually give them a chance to buy global quality products at decent prices. While this would hurt some companies, why is the state protecting them in the first place? If companies are not competitive, it is wasteful to prolong their lives. But in the natural tension between producers and consumers, New Delhi has tilted so far towards the former that it is unlikely to change tack.

One of the consequences of this loathing to cut tariffs will be a continued appreciation in the rupee. This really helps with the oil import bill — which has swollen by 8.26 per cent during April-September 2007 over the corresponding period last year to touch $31.39 billion — not least because New Delhi persists in subsidising diesel and resists encouraging the development of electric or battery powered cars, such as the Reva. Ironically, the Bangalore-made Reva has become the largest-selling electric car in the UK, where it enjoys subsidies, but remains overlooked by most Indians who prefer cars that run on government-subsidised diesel. Sadly, the rising rupee will take pressure off the government to alter this absurd situation.

A STRONGER rupee will ostensibly also hurt the IT industry, which will have to navigate its way out of a perfect storm brought on by a faltering global economy, rising domestic salaries and growing competition. But, to repeat a lesson often expounded by economic professors, economic outcomes are often counter-intuitive. A rising currency can spur an industry, or at least the best companies in it, towards greater things. Consider Germany. As the deutschmark strengthened in the 1960s, German companies began focusing on high-value goods. A rising rupee could actually force IT companies to deal with looming issues that they have been ignoring for a while. As you will see in our roundtable on page 104, years of success has made many software companies complacent and inefficient. Now the rising rupee is forcing many of the best software companies to retool their skills and sales force to focus on new, high-value lines of business. While many of the best companies will doubtlessly succeed, some will fail and the fallout could make 2008 a tough year for IT. The same pattern will also afflict textiles and other export-oriented businesses.

Most of these problems are imminently manageable and will afflict many countries. But India could hurt the most from them as our government still cannot manage problems maturely and proactively. This is the secret to China's continued success. Like India, it is dealing with both inherited problems as well as new ones created as the by-products of development. But unlike India, China's ability to resolve problems leads the rate at which it creates them. Since India's governance is actually worsening even as our businesses improve and our peoples' expectations grow, we are left alone to face the *sturm und drang* of the global economy. With elections looming, we have a chance to emphasise to our political class that a new India is being born. I hope voters eschew voting emotionally and responding to carefully crafted messages designed to provoke visceral fears and hatreds, as was done in Gujarat's state elections. Such politics doesn't build nations but destroys them. Politics, as Confucius rather plainly said, is the greatest thing because it can make all things right. India's main constraints today are a lack of education, civic amenities, healthcare, access to justice, and transparency and accountability in public life. If voters demand these from candidates and vote for the person most likely to deliver them regardless of his or her party affiliation, then that's the best we can do to make the dream of an India slowly matching up to the US a reality. Until then, the desire of most of our elite will remain spending New Year's Day in Times Square. ■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ORIT GADIESH AND SRI RAJAN

Orit Gadiesh is the chairman of Bain & Company and Sri Rajan leads the firm's private equity practice in India

Lessons from PE

TO outsiders, private equity (PE) may look like an exotic industry. But its players follow a basic set of disciplines that any senior executive can employ for similar results. No one can deny PE's recent record. In India, PE firms have played a major role in funding companies in the wireless services market, which added 8.1 million subscribers in October alone.

TRIBHUWAN SHARMA

In fact, in good times or bad, the world's top-performing PE firms have established a great record. Indeed, the top 25 per cent of US PE funds raised between 1969 and 2006 have earned internal rates of return of 36 per cent on average. And the best PE firms consistently maintain superior returns across all their funds over time.

Such consistency is one reason that top PE firms have set a benchmark for global business performance. PE 'masters' have honed lessons that any business leader can emulate. However, in our view, they are not being applied rigorously by businesses around the world. The pervasive disease of 'satisfactory underperformance' can be cured by applying PE lessons.

In short, these are: define the full potential, develop a blueprint, accelerate performance, harness talent, make equity sweat, and foster a result-oriented mindset. Let us delve into each.

Define full potential: PE firms generate high returns by creating operating value. They do this by first building an objective fact base. They scrutinise demand, customers, competition, environmental trends and the details of how money is actually made in the business. Only then do they pursue a few core initiatives.

In 1997, an investment group led by Bain Capital and Charlesbank Capital Partners bought America's Sealy Corporation. They aimed to increase the value of their original equity investment five-fold in a few years. They started by probing every corner of Sealy's business and realised that the complexity of its product line was not the primary margin problem.

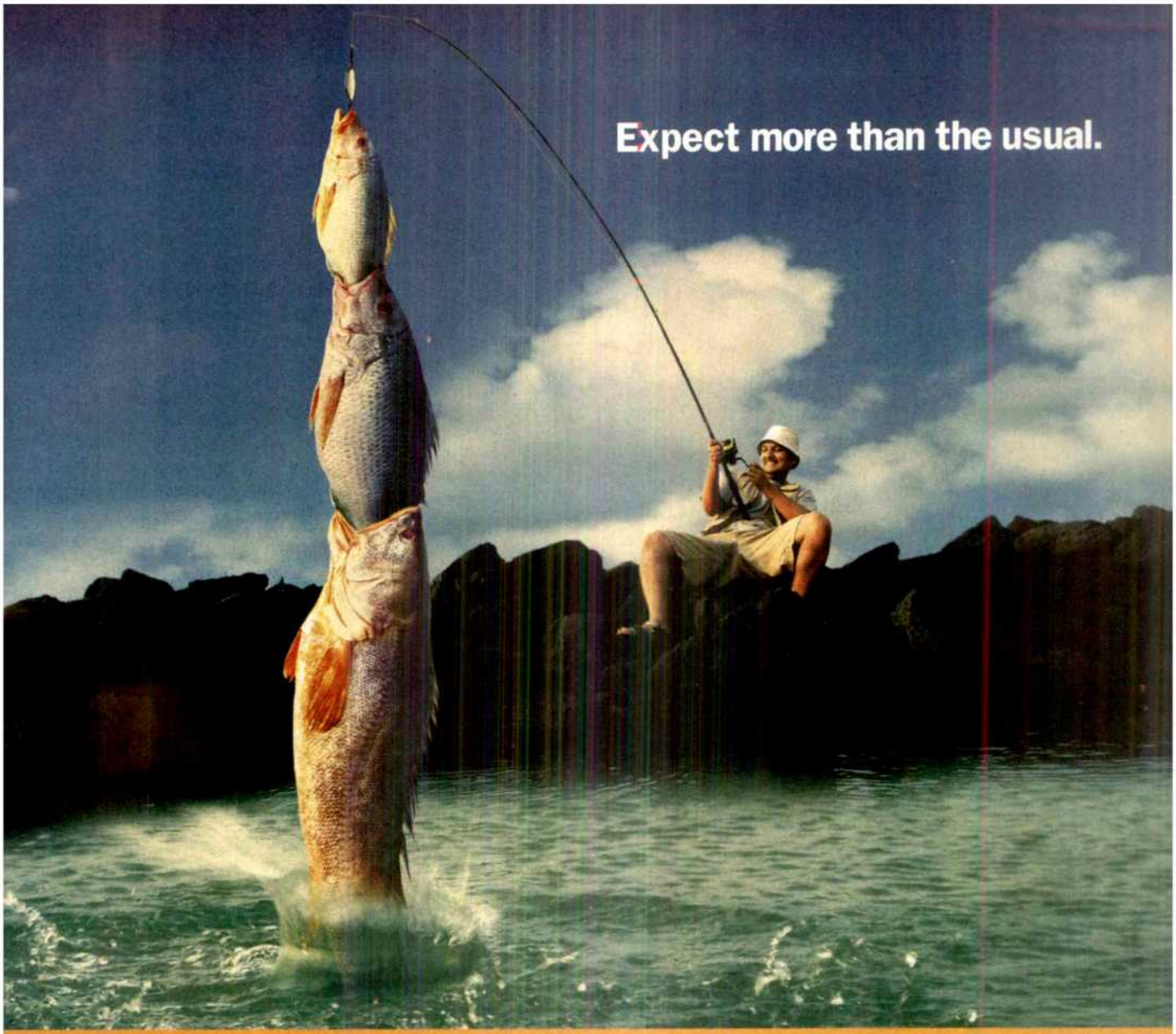
So, one of their key initiatives was to redesign the company's core Posturepedic line. Sealy shifted from making a costly, two-sided design that allowed mattress owners to flip mattresses to a 'no-flip' mattress, which improved Sealy's margins and leapfrogged its rivals' technology. Sealy chose not to go ahead with former plans to boost the volume of its mid-price mattresses, concentrating instead on higher price points. Result: the new mattress design improved EBITDA by 22 per cent. In 2004, the group sold the mattress maker for more than five times its initial investment.

Develop the blueprint: PE blueprints are very different from traditional strategic plans, which focus on 'what we want to be'. Blueprints spell out 'how we will deliver'. They zero in on the few initiatives senior executives have identified and turn them into results. US buy-out firm Newbridge Capital used this approach to transform Korea First Bank from a bankrupt industrial creditor into a world-class financial institution. A key step was converting its costly institutional branch structure into a network to serve retail customers.

Newbridge and Korea First's management team carefully choreographed the blueprint. Rather than building branches from scratch, Newbridge redesigned the existing infrastructure, consolidating it into a handful of large-scale branches. It closed some locations and removed back-office functions from the rest, refocusing them on customer sales. The result: a bottom line improvement of $50 million within a year. Soon afterward, Standard Chartered Bank bought Korea First for $3.25 billion, a nearly four-fold return on Newbridge's equity investment.

Accelerate performance: This lesson is about building momentum. It combines many separate activities and is essentially tied to motivating key players to accomplish the needed change fast. Priority one is moulding the organisation to

To win in India's increasingly open economy, companies will have to perform like top-performing PE portfolio companies



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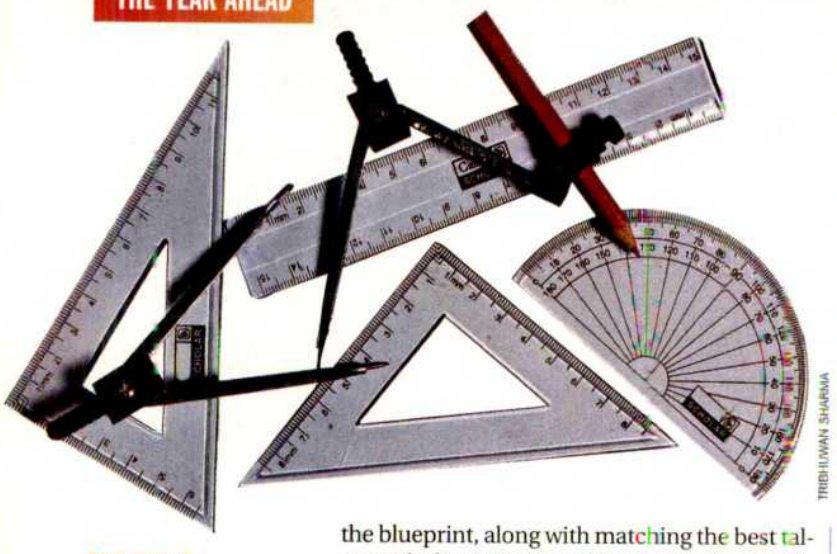

TRIBHUVAN SHARMA

THE RIGHT MECHANICS: PE provides strategy lessons that would benefit any business leader

the blueprint, along with matching the best talent to the key initiatives. This not only means getting the right people in the right seats, it is also about fostering senior management accountability, embracing programme management tools, and tracking the key measures of success.

Such urgency helped CVC Asia Pacific and CCMP Capital reinvigorate Singapore Yellow Pages (SYP). The two PE firms led a consortium that purchased SYP from SingTel, the local telecommunications firm, in 2003.

SYP needed motivation. With an 87 per cent market share, the directory publisher had grown complacent with revenues sliding 40 per cent between 1999 and 2003. Advertisers were defecting in droves, as were demoralised salespeople. The PE firms revamped advertising sales by tracking customer retention rates, how many times products were cross-sold and new accounts signed up. They also introduced an incentive-heavy compensation scheme for top performers. This allowed the firms to lock in a gain of more than 2.6 times their original investment in an initial public offering of SYP shares less than a year after the purchase.

Harness talent: The best plans go nowhere without the right people. PE firms go beyond recruiting, retaining and motivating to make their employees feel and act like owners. So do some smart companies. Nestlé, the Swiss food giant, has become a model of PE-like discipline. It has introduced short-term bonuses paid out against clearly-defined targets, increased the variable part of its compensation package, and moved 1,400 people into long-term incentive plans so that key managers can became shareholders.

Harnessing talent sometimes requires unconventional personnel decisions. Nestlé's CEO Peter Brabeck gave Chris Johnson — a fast-rising business unit executive — responsibility for driving the Global Business Excellence (GLOBE) effort. The programme — itself an initiative designed to accelerate performance — collapsed dozens of enterprise resource planning systems across multiple business units into one, establishing a common system design and template for the company's global operations while still allowing local-market differences. In Brabeck's words, the success of GLOBE — under Johnson — transformed Nestlé from being run "like a supertanker" into an "agile fleet" that calls different business units into action to penetrate different product, customer or geographic segments.

Make equity sweat: Top-performing PE firms embrace leverage as a relatively cheap capital structure. This is, perhaps, one of the toughest PE disciplines to adopt, especially with tightening credit. But CEOs should get comfortable with leverage. Scarce cash compels managers to manage working capital strictly, discipline capital expenditures and work the balance sheet hard — including converting fixed assets into sources of financing and eliminating unproductive capital.

In 1999, DLJ Merchant Banking (the PE arm of Credit Suisse First Boston) purchased Mueller Water Products, a US maker of fire hydrants, high pressure valves, and fittings, from New Jersey-based Tyco International. The price was $938 million, of which $231 million was equity. The PE firm closed uncompetitive foundries and brought in leaner manufacturing methods, freeing up cash to fund growth in its core businesses and establish its presence in China. In 2005, Mueller was sold to Walter Industries for $1.9 billion, earning DLJ a 4.6 times return.

Foster a result-oriented mindset: Such an attitude is about creating sustainable processes to spur performance improvements repeatedly. Culture, in this sense, means selecting managers who question the status quo, get the facts, take action and, ultimately, drive "at-cause" behaviour throughout the organisation.

Nike is one public company that has achieved repeatability like top-performing PE portfolio companies. It began as a basketball shoe company and has transformed itself over time into a lifestyle company. Nike revisits a formula every time it enters a new sport, from running to volleyball to soccer to golf, and now, cricket. Nike begins by establishing a leading position in athletic shoes in the target market. Next, it launches a clothing line endorsed by the sport's top athletes. This allows the company to forge new distribution channels and lock in suppliers — and move into broader global distribution.

Such PE-like discipline can serve as a timely lesson. To win in India's increasingly open and liberalised market, companies will have to perform at world-class levels. In other words, like top-performing PE portfolio companies. ■

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New wealth creators

Watch out for companies riding the consumption boom next year.

By K. Yatish Rajawat

PREDICTING the market is about assumptions, particularly so when you are in a bullish phase of the market. Therefore, assuming that foreign capital will continue to flow in, the wealth creators in 2008 will differ remarkably from 2007. As investors continue to benefit from the overall story of India's impressive GDP growth, the leading wealth creators of 2007 could easily not figure in 2008 list.

Large-cap stocks, which are well represented in various indices, have already seen a deluge of investments from foreign funds over the years thereby stretching their valuations considerably. While dumb foreign money looking to park their money in safe havens may continue to invest in Indian large caps, smart foreign money will shift to what will emerge as the real story for 2008 — the rise of the small and mid-cap sector.

So, who's not hot? Telecom and export-oriented sectors such as IT or manufacturing will lose further ground. The telecom sector will cool off due to stretched valuations. The chief problem confronting telecom is a 'chicken or egg' one. Since the sector's valuations hinge mainly on the number of subscribers added, companies in this sector have slowed down their capital expenditure in favour of marketing expenses used to lure new customers. Tack on the problem surrounding availability of spectrum to decreased capital spending and you are left with an inability to support a new subscriber base, thus providing a death blow to valuations in this sector.

Uncle Sam's health is also affecting the fortunes of export-oriented Indian companies. As the US economy slows down and the dollar remains anaemic, revenues and margins of IT companies, textiles and jewellery will be put under severe pressure. Consequently, these sectors will underperform in 2008.

So, where are the bargains? Mumbai-based Aster Business Research, which runs a portfolio management scheme and invests primarily in small and medium cap stocks, says in its research report that there are several small companies such as Shree Ganesh Forgings, ANG Auto, and even Pyramid Samsira, which have both solid growth and management but are quoting at single digit P/E multiples.

"Mid caps and small caps will continue to do well as they are trading at a discount of about 25-30 per cent on a trailing 12-months earnings basis as compared to the Sensex," says Vikram Achreja, director of Aster Business Research. "Faster growth rates and increased PE investments in these

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Small/mid cap comapnies for 2008

Company movement	Market cap ($ mn)	Target price (in Rs)	EPS growth (FY08E)	P/E (FY07E)	Share price (12-month)
	Current valuations				
Welspun India	189	68	16%	15.7	15%
Everest Kanto Cylinder	828	437	43%	43.9	216%
Motilal Oswal Fin. Serv.	1,155	1,500	52%	52.3	NA
Hotel Leela Venture	568	62	65	30.4	0%
Chennai Petroleum	1,371	407	38	9.6	64%
Voltas	1,843	242	113	68.5	109%
Petronet LNG	1,833	78	12	23.1	90%
Jindal Saw	965	488	41%	18.4	94%
Indraprastha Gas	548	160	17%	15.7	39%
Gujarat State Petronet	1,041	74	-19%	44.4	84%
Raymond	624	475	-19%	17.6	-6%
ABG Shipyard	1,007	910	49%	34.2	222%
Omaxe	1,655	386	77%	22.8	NA
S Kumars Nationwide	720	101	67%	29.0	89%
Hindustan Petroleum	2,385	184	-6%	5.9	-13%
Balrampur Chini Mills	563	75	NM	NM	0%
Gujarat Gas	579	350	23%	17.5	51%
Andhra Bank	1,227	107	33%	11.0	9%
Bharti Shipyard	400	790	66%	30.7	115%
Info Edge	953	1,275	69%	118.1	122%

Ranked by one-month share price performance.
Source: Citi Investment Research estimates; share price data from Reuters

companies will also ensure continued momentum in these stocks in 2008." Also, PE players have begun to gobble up small and medium family-owned businesses which have started re-listing themselves this year, and this promises to be a significant trend in 2008 as well.

ONE of the investment themes that will attract attention in the coming year is domestic consumption in India. Foreign funds looking at India as a safe haven from a slowing US and UK economy are bound to look at domestic plays with greater interest.

Brokerage firms will discover that leveraging the domestic consumption story will be a good way to sell their investment ideas. CLSA has led the charge by highlighting 12 small-cap stocks in its report in November 2007. CLSA has chosen Sintex Industries because it is developing low-cost housing for the economically weaker segments, which will have more disposable income as the economy grows. It has picked Everest Kanto because of the increased adoption and consumption of natural gas in India. Naturally, rising spending power and consumerism will generate greater advertising revenue and CLSA has appropriately picked media companies TV18 and Zee News, who stand to gain significantly from this trend.

Vinod Sethi, advisor to foreign funds, says that there will be a shift in fund flow towards quality stocks, particularly small and medium caps that have low FII holdings. Consumer goods companies such as Marico will do well in 2008, he adds. Large consumer goods companies such as ITC have already attracted foreign flows and may not deliver the same returns for investors entering the market in 2008.

A friendly budget for consumers and tax payers is expected this year, which will further benefit the domestic consumption story. The other sector positively impacted by higher domestic consumption is luxury and lifestyle, which does not have too many listed companies, barring Provogue on the retail side.

As India continues to grow rapidly and a new class of consumers begins to snap up cars, scooters and houses at breakneck speed, a huge growth in infrastructure will need to take place to sustain this trend in consumption. According to a study by a foreign brokerage firm, CIR, when aggregated by sectors, infrastructure and commodities performed best on a 12-month trailing basis small and mid caps that covered nine markets in Asia Pacific. India, projected by many brokerage firms to grow at 9.4 per cent versus Hong Kong at 6.2 per cent, and Indonesia at 6.5 per cent, is well poised to benefit from an increase in infrastructure from both public markets and private equity in the coming year.

Infrastructure is largely under-represented in the major Indian indices and there aren't enough large-cap companies in this sector. This is destined to change as companies such as Pune's roads and highway company IRBIDL are expected to go public. As IPOs in this sector increase, foreign funds are guaranteed to flock towards them. Moreover, infrastructure is a capital-intensive business and banking institutions such as Infrastructure Development Finance Corporation (IDFC) will attract further interest from foreign funds in 2008.

So, who is to gain from the infrastructure boom? Real estate is already a market favourite and most companies in this sector have stretched net asset valuations based on their captive land bank. Also, giants such as DLF and Unitech remain obsessed with high-end housing ignoring the real next boom in housing, which will target low or middle income households. Companies focused on this segment will find favour with foreign investors. Already, several firms such as Sintex Industries and the Shapoorji Pallonji group are looking for concessions on land prices from state governments for building low-cost housing.

Another infrastructure sector that is likely to attract investor interest is business or budget-class hotel companies. Most of the companies in this sector are unlisted at the moment but some IPOs are expected in 2008. Also, several sub themes from 2007 will drift over into 2008, namely commodity companies that are at the cusp of rising prices and specialty retail chains. ■

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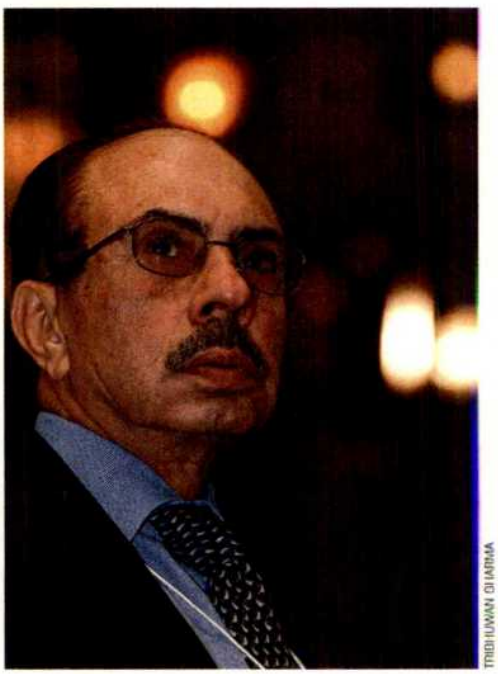

TRIDIB KUMAR CHAKRABORTY

IF 1991 was a watershed year in the history of India and the Indian economy, we are now at the cusp of transformational growth. If it was the services sector that took the first rapid strides to emerge as the torchbearer of the India growth story, it is the manufacturing sector that has been powering the Indian economic growth in the recent past. And looking forward, the thrust is on sharing the fruits of this growth with all Indians.

After more than four decades of protection, onerous taxes, and intense government control, India embarked on a path of ambitious economic reforms. While many feared that exposing India's economy to global competition would reveal India's economic weakness, it has rather revealed strengths — often unexpected in new areas no planner would have dreamed of. India is increasingly taking its place in the international fora as a 21st century superpower.

The 1990s saw the introduction of vital policies of economic reform and deregulation. We have been fortunate to sustain this momentum of reforms into the new millennium. The trade sector has been liberalised with the removal of quantitative restrictions and reductions in peak customs tariffs to 10 per cent. The banking and financial services sector has seen reforms leading to greater compliance with the Basel norms. The programme of privatising state-owned enterprises started off well but has since faced some political roadblocks. In addition, multiplier effects are being brought about with reforms in basic infrastructure — roads, telecom, power and ports.

India is emerging as the global knowledge hub. In the past 10 years, the country has moved from the peripherals of knowledge and technology sectors to being at the core of the continuous flow of people, ideas and technologies around the world. Industries such as pharmaceuticals, automobiles, biotechnology, information technology and telecommunication attract high-end research and development. It is no surprise that we have the third largest base of scientific and technical manpower in the world. We have made giant strides in software, business process outsourcing and IT-enabled services. India is likely to emerge as a major low-cost, high-quality global hub for outsourced engineering services and research and development. 'Made in India' is coming of age and it appears that India is well on its way to becoming a primary sourcing and manufacturing base. Already, high-skill sectors account for 40 per cent of the country's manufacturing output. Also, 80 per cent of Indian suppliers are ISO 9000 certified, indicating high quality standards that manufacturers have achieved.

India, with its large base of consumers coupled with rising disposable incomes, makes for a very strong domestic market. It is home to a billion-plus people, whose PPP-adjusted per capita income currently hovers around $3,500 and is rising rapidly. The Indian consumption story is, first and foremost, one of accelerating growth off a low base. The potential comes from the structure of the Indian economy: Private consumption currently accounts for 64 per cent of Indian GDP — higher than shares in Europe (58 per cent), Japan (55 per cent) and, especially, China (42 per cent). India's transition to a 9 per cent growth path in recent years is very much an outgrowth of the emerging consumerism of one of the world's youngest populations.

While India's billion-plus population, most of which will continue to remain in the working age group for decades to come, provides abundant labour supply and consumer demand, it poses the twin challenge of right-skilling the country's biggest asset and generating suitable number of employment opportunities. It is now vital to

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channelise the work-force to relatively higher value-add activities. Further systematic deregulation of some sectors could open the market to increased foreign direct investment and inflow of knowledge and technology, to make industry more efficient and broad-based.

The government and the central bank have been successful to a large extent in providing a conducive macro-economic environment — prudent fiscal policies, low inflation, comfortable forex reserve situation, FDI inflows consistently touching new heights, and slow but steady progress on infrastructure development. We need to reform our indirect tax system and move, as announced, to a single GST regime. This would add significantly to better growth and tax revenues.

There is an urgent need to improve education and public health standards

There is an urgent need to improve education in India. Public expenditure on primary and secondary education is lower than in other emerging economies. Building the ability for the delivery of education and healthcare through a combination of government, private and community-led initiatives is imperative. Rapidly adding capacity and capability to both primary and tertiary education is imperative.

Public health standards, especially in the rural regions, is very low. However, initiatives such as National Rural Health Mission and public-private partnerships with higher budgetary support are some steps in the right direction.

Electricity is one sector where public enterprises are still dominant and demand consistently outstrips supply, causing a major constraint on growth, particularly in electricity-intensive sectors such as manufacturing. In 2003, the government introduced a new policy framework that addresses distribution problems, mandates a more competitive electricity market with more private-sector involvement, and progressively lowers the extent of cross-subsidies.

Market-oriented reforms have lifted the Indian economy to a significantly higher growth path, helping reduce poverty. This success should encourage policy makers to continue reducing restrictions in labour and product markets, improving infrastructure, human capital formation and general public services, and further reducing tax distortions. Such reforms would help the nation achieve a sustainable growth rate along with more inclusive growth.

I firmly believe that India's best years are ahead of her. Let's make it happen! ■

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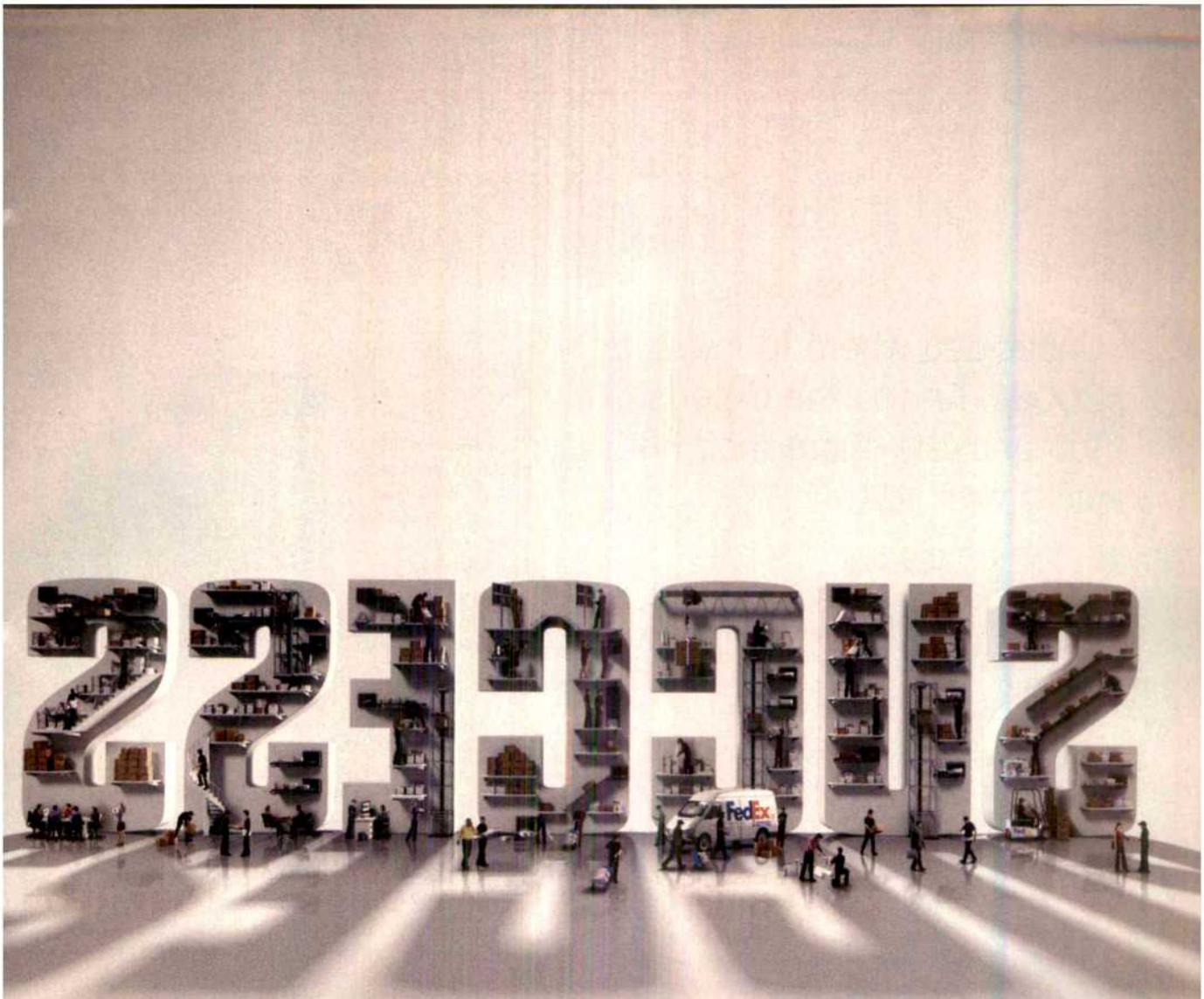

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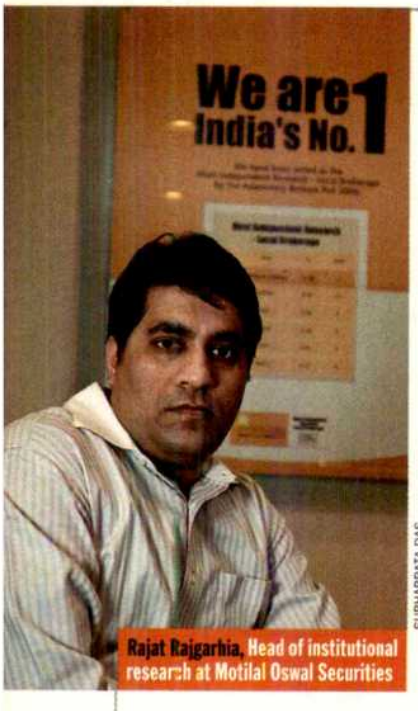

SUBHABRATA DAS

Rajat Rajgarhia, Head of institutional research at Motilal Oswal Securities

Bharti Telecom
Subscriber additions growth remains strong and margins will continue to remain impressive. The recent deal on tower demerger will create further value for shareholders. Valuations remain attractive for the growth being offered.

GAIL (India)
As the price of oil sees a rise, significant growth in gas volumes along with higher volumes in petrochemicals business will result in strong earnings growth. Moreover, the company has significant value in investment in exploration and production.

Grasim Industries
Volume growth will remain strong in 2008. Cement prices will remain stable and will result in significant profits from new capacities. Moreover, viscose staple fibre cycle continues to remain good and timely capacity addition here will also boost the earnings significantly.

Indiabulls Financial Services
Strong growth in consumer finance and launch of new businesses will result in high growth in earnings. Demerger of consumer finance and securities business will create further value.

Sintex Industries
Strong growth in monolithic and pre-fabricated products will continue. New acquisitions will provide further boost to earnings while textile margins will remain impressive.

SUBHABRATA DAS

Nirav Seth, Head of portfolio management services at Brics Securities

Chambal Fertilizers & Chemicals
We expect fertiliser prices to reset at a higher equilibrium as sub-par industry growth, sub-par profitability and excessive regulatory influence have dried capital investment. With abundance of gas over the next two years, we expect the government to attract private capital. Earnings from incremental capacity are likely to generate high returns on equity.

City Union Bank
We expect asset growth of 30-35 per cent over 3-4 years — post capital infusion. This will happen through an attempt to improve non-interest income — evident from strategic tie-ups with L&T, LIC etc.

ICICI Bank
We see improvement in net interest margins, presently 2.2 per cent, as high-cost wholesale debt is replaced by current and savings accounts, and better profitability in international operations. We expect low incremental loan deterioration. We also expect ICICI Bank to monetise its investment in insurance and asset management in FY08 — the embedded value could be upward of $12 billion.

Shanthi Gears
The company is directly exposed to the investment cycle of the economy as industrial gears are virtually used in all industries. Its earnings could compound at 30 per cent over the next three years or more.

Tata Motors
We expect a rebound in medium and heavy commercial vehicle volumes to 10-12 per cent in FY09 and beyond, led by easing interest rates, improving fleet economics and sustained industrial economy. The low-cost car could kill cyclicality and offer global opportunities. There is significant value in its subsidiaries — embedded value could be 25 per cent of its current market price. Successful closure of the Land Rover acquisition could dampen share price in the near term and should be used as an entry strategy.

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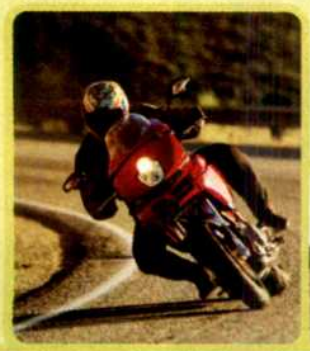

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Amitabh Chakraborty, President of equity business at Religare Securities

HDIL
Has 123 m sq ft land bank. Recent deal in BKC where MMRDA sold land at Rs 46,000/ sq. ft, values HDIL holding of 1.1 mn sq. ft in BKC much higher. Has entered into JV with GVK to develop Mumbai Airport. Target price is Rs 1,076, with potential to be upgraded to Rs 1,500.

DS Kulkarni
Has a land bank of 34 million sq. ft. Has tied up with GTC, Holland for SEZ project. With a market cap of Rs 500 crore, and SEZ project valued at Rs 700 crore, the stock is undervalued. Target price is Rs 512, 80 per cent of calculated NAV of Rs 630.

C&C Construction
It enjoys one of the highest EBITDA margins, with road projects in Afghanistan, Bihar and North East. Its order book to sales ratio is 3.4x against industry average of 2.5x. Target price is Rs 376.

Deep Industries
Based in Ahmedabad, the company will get three marginal fields from ONGC with about 1.4 bn mmscmd gas reserves and start development in 2008. It has received two CBM blocks in Godavari/Singarauli regions and is slated to start production in 2009. Valuation is Rs 400.

KS OIL
This mustard oil company from Morana is looking to acquire palm oil plantation in Malaysia and Indonesia. Price could double from current sub-Rs 100 in a year.

HT Media
HT's new franchises — radio and business paper *Mint* — are expected to scale up in FY09. It is also looking at a presence in consumer internet. Current valuations offer an attractive entry point.

ICICI Bank
Its margin cycle has bottomed out and is likely to improve due to recent capital raising initiatives and peaking of interest rates.

Infosys Technologies
Can restrict impact on margins due to rising salaries and appreciating rupee. After significant under-performance to benchmark indices, it is now in a position to offer decent returns.

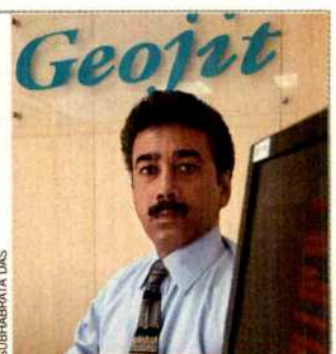
Kirloskar Oil Engines
Demand for diesel engines to remain firm. It has tied up with Waukesha Diesel Engines for manufacture and sale of diesel engine-based gensets.

Dipen Shah, VP of private client group research at Kotak Securities

Larsen & Toubro
Current order backlog of Rs 42,000 crore is 37 per cent higher than previous fiscal, providing significant revenue visibility. We expect margin expansion due to efficient project management. Listing of subsidiaries can unlock value.

Jindal Saw
New oil and gas reserves, and the government's water resource management plans will increase demand for large diameter pipes.

Bayer Crop Science India
Plans to increase its 22 per cent market share in India by introducing 2-3 new products a year. Parent company might make India outsourcing hub for agrochemical business.



SUBHABRATA DAS

Gaurang Shah, Head of HNI Client services at Geojit Financial

Honda Siel Power Products
Increasing demand for power back-up solutions, water pumping sets and engine-based construction equipment due to continued power deficit, more mechanisation in agriculture and rise in infrastructure development projects.

IDFC
Broadened focus to a framework of energy, telecommunications, IT, integrated transportation, urban infrastructure and tourism. Infrastructure growth to benefit IDFC in the long run.

NTPC
Initiated the concept of electrification of remote villages. May add capacity of about 1,000 MV through renewable resources. Has invested huge amounts in capex in view of the power deficit in the country.

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The author is a member of All India Congress Committee

The young ones

R.A. CHANDROO

YOUNG Turks has been a fashionable phrase in our political context. As a result of its overuse it has attained a certain stereotypical bliss. Let's ask an honest question: Do we really have Young Turks in our midst? Or, do we simply have younger politicians? Being a Young Turk is one thing, but being a young politician could simply be a logical extension of the fact that we are among the youngest nations on this planet. It was announced in 2003 that nearly 54 per cent of India is under the age of 25.

In my opinion, we have an interesting bunch of young politicians, who are energetic and earnest. They want to shed the status quoist garb that wraps the administrative and political system of this country, but are strangely caught in the loop of tradition. A tradition that expects you to quietly succumb to age and experience.

I am challenging neither tradition nor experience, but what I suggest is that old roots should accommodate new shoots. It is expected of any healthy system to keep this fine balance, but I am afraid we are off balance at the moment. This has had a debilitating influence on our young politicians.

When their ideas and impatience should be changing the system and solving problems, they are perennially strategising to surmount the bonds of tradition. Their energy and vision has been imperiled by uncertainty, which is conceitedly propelled by the system. This has halted them in their tracks and, therefore, they are not yet 'Young Turks'.

And what is it to be a Young Turk? It is be progressive and prominent. To be pamphleteers and activists of a cause or a political path they believe in. The historical reference is, of course, to the Ottoman Empire, where a band of young men lobbied for administrative reforms.

A big question that haunts me when I think of young leaders in our country is whatever has happened to student political movements? Why has it moved to the fringe in the past few decades? Why has it been bereft of ideas? It is correct that student politics had a lumpen streak in the past, but why is it now more concerned in holding culture fests? Where has their classic subversion, idealism and conscience-keeping vanished?

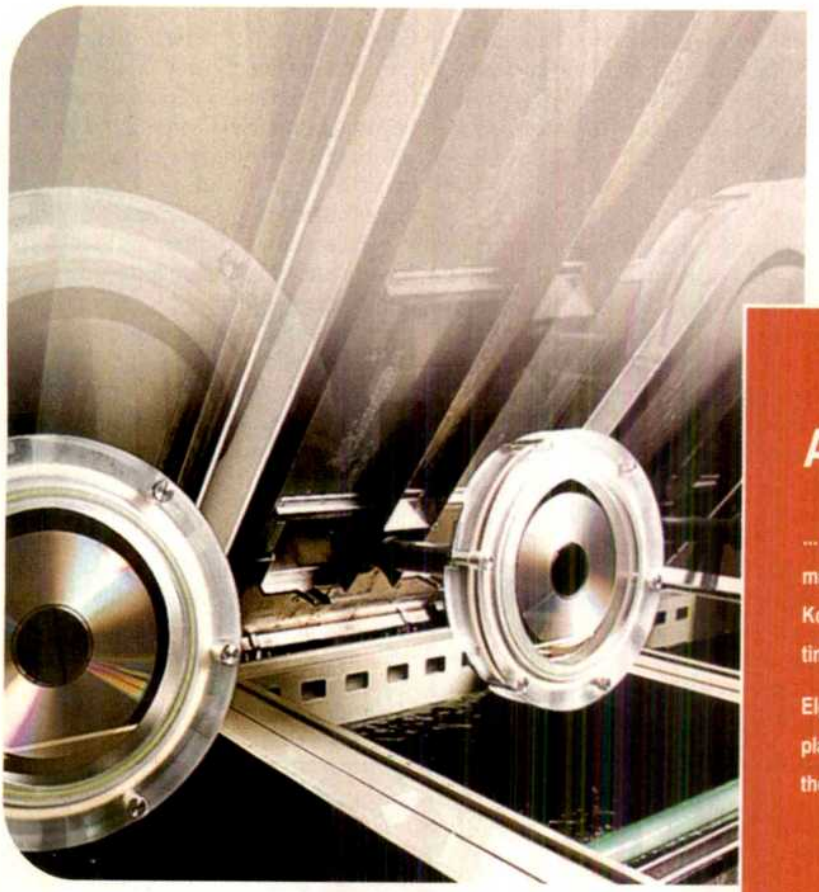
The last that we heard of a student body influencing mainstream agenda in this country was in Assam, when All Assam Students Union leader Prafulla Kumar Mahanta became the country's youngest chief minister. When Nandigram happened recently, there were no audible student voices; nor have campuses come alive on the nuclear debate.

All debate is now confined to television studios and all protest has become the quasi-statutory duty of political parties. Even films made for young audiences have more or less spiked political content. In short, we seemed to have forsaken even the milieu that created Young Turks. Where does the problem lie? Are we to blame our mass media or our political parties, or both?

The media constantly romances young politicians such as Rahul Gandhi, Omar Abdullah, Sachin Pilot, Milind Deora, Jyotiraditya Scindia, Jatin Prasada, Sandeep Dixit, Akilesh Yadav, Manvender Singh, Kanimozhi and Supriya Sule. They are all undoubtedly very bright, educated and have an earnest intention to do a good job. They deserve all the attention. But we seem to forget that opportunities have come to them primarily because they are inheritors of a lineage. In some cases, electoral politics has been thrust on them as a result of the tragic passing away of their illustrious fathers.

One again wonders here as to why the media is selective about its list of young politicians. Why

Student political movements have moved to the fringe, distanced from grassroot reality



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One wonders why the media is selective about the young politicians it romances

are the other young members of Parliament (MPs) such as Madhu Goud Sipiparai Ravichandra and others largely ignored? While it is a welcome sign that we have a bunch of recognisable young faces, our system has not yet allowed idealistic youngsters from non-political families to have a meritocratic rise.

In my opinion, the greatest democratic revolution in India has happened in cricket. If you look at the team of the past, most of the players came from princely families or from established schools in the major cities. But look at the team today; we have players from all over. Ranchi has become as famous as Dhoni. Political leadership has still not opened up to all.

Another nuance that needs to be built into this argument is that regional parties appear to be more open to young leadership than a national party such as Congress. Regional parties have not been shy in giving ministerial responsibilities to their young inheritors like Dayanidhi Maran and Anbumani Ramadoss. The Congress particularly has been a bit coy in blooding the youngsters. Unlike in 1984-85 when Rajiv Gandhi inducted a fair bit of under 40s, the Congress has not done so now. Ministerial responsibilities as MoS in key departments should have been given to these bright young people. But one must admit that none of them are as yet mass political leaders. They are only slowly making their voices heard in the Parliament.

The question of inheritors that I have raised has a greater implication for policy-making and debate in a democracy. Most inheritors are believers in a free globalised world because of their Western education. Therefore, you will see very little resistance to the dominant line on economic reforms. But that is not the case with non-inheritors and young leaders of regional parties. Their economic agenda is still shaped by grassroot demands.

Like one aspires for a balance of old roots and new shoots, political parties may also have to achieve a balance between political inheritors and aspirants without a legacy. I say this with some conviction despite being one. If we do not do this, we face the danger of linear ideas and distance from reality. ■

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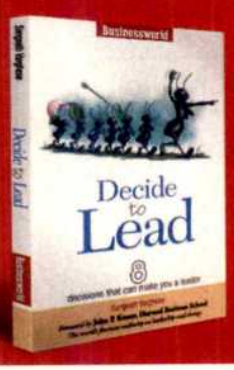

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One-day economy

A leap year is more than just a temporal oddity. By Sumati Nagrath

MOTHER Nature's refusal to kow-tow to the human need to divide time evenly means that every four years people across the world get an extra day — 29 February. But unless one was born on that additional day in February, the leap year doesn't seem to mean much to most people. At best, it invites a passing interest in the curious workings of the universe.

What most people don't seem to realise is that a leap year, such as 2008, means an additional day on which people work, send emails, drink coffee, eat meals, go shopping and take holidays — in short, they either make money or spend it — a fact bound to have some kind of impact on the economy. Put simply, a leap year would make any economy 1/365, or 0.00273 per cent, richer, of course given that nothing catastrophic happens on 29 February.

With India's GDP set to cross the $1 trillion mark, this would mean an addition of a staggering $2.74 billion to the economy. "This amount could be even more in the case of India," says Pronab Sen, the chief statistician of India and the secretary to the National Statistical Commission. "The Jan-March quarter is the highest growth period for India and comprises 32 per cent of the country's GDP and this 'February factor' could contribute more than just 0.00273 per cent to the 2007-08 fiscal," explains Sen. The situation would be different for the US, whose highest growth quarter is October-December.

In 2008, 29 February falls on a Friday — a working day — a day on which the economy will probably continue to produce goods and services, resulting in a positive impact. In 2000, LeapSource, a US-based business process outsourcing company, calculated that the extra day of activity in that particular leap year would result in American workers putting in an extra 1.1 billion person-hours on the job. That, it pointed out, was enough to build the Empire State Building 157 times — the original construction of this iconic building had required seven million person-hours.

The economic impacts of a leap year have been recorded in several places. In February 2004, BAA, which owns and operates airports throughout the UK, found that the passenger numbers at the airports operated by it had risen by 8.9 per cent over the previous month. If the extra day was stripped away, the increase would fall to just 4.7 per cent.

Similar spikes in revenues during a leap year have also been noticed by retailers and other service providers across the world. In fact, according to a report by the University of Chicago's Centre for Research in Security Prices, when it comes to investing in the stock-market, investors do significantly better during leap years. The report calculated that between 1972 and 1996, stocks gave an average return of 12.4 per cent. But during the seven leap years in that 24-year period, stocks produced an average gain of 18.52 per cent.

But leap years are not just about economics. They are also about politics and sports. After various disruptions caused by the two world wars and assassinations in the 20th century, two of the world's most watched events — the US presidential elections and the Olympics — are both now in sync with leap years, making 2008 a year to watch out for. And yes, let's not forget the possible addition of almost $3 billion to the Indian economy. ■

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VEDANTA : Proud Partner in Orissa's Development

In Orissa, the far-famed and fabled land of art and culture, modernization and development have always had a seamless integration with history and tradition. Industrialization in the state has occurred in sporadic spells in the last sixty years post-independence. In keeping with the recent industrialization drive of the Government, Vedanta started its operations in Orissa in 2003. In June that year, Sterlite Industries (SIIL), the flagship company of the Vedanta group, signed an MOU with the Industries Department of Orissa for setting up a 1 mtpa alumina refinery, a 100 MW Captive Power Plant and a 3.0 mtpa bauxite mining facility at Lanjigarh.

Sterlite's main business being Copper, the group took a business decision to separately focus on their alumina/aluminium business through a new entity, Vedanta Alumina Limited (VAL), recently renamed as Vedanta Aluminium Limited. This is where the Vedanta story in Orissa starts and today, Vedanta has a pride of place in the industrial map of the state. It is the acceptance

Children at Niyamgiri Vedanta Nagar Primary School, Lanjigarh

and trust of people and the support of the Government that has helped Vedanta make impressive strides in setting up its industrial and other developmental projects in Orissa in the true spirit of partnership.

Vedanta's group operations are managed by the holding company, Vedanta Resources Plc, a London Stock Exchange listed, FTSE 100 Global Metals & Mining major, having interests in aluminium, copper, zinc, lead and recently, iron & steel. It operates in India, Australia, and Africa through its various member companies. The Vedanta group has a clear focus on achieving and sustaining

Vedanta promoted women's self-help group meeting at Lanjigarh

Vegetable cultivation under the Sasya Silpa Abhiyan initiative at Vedanta, Lanjigarh

global leadership in Non-Ferrous Metals business. The group companies include, among others, Sterlite Industries India Ltd; Hindustan Zinc Ltd; Bharat Aluminium Company Ltd; Madras Aluminium Company Ltd; India Foils Ltd; Copper Mines of Tasmania, Australia; Konkola Copper Mines, Zambia, Africa.

Plant site view of Vedanta Alumina Refinery Project, Lanjigarh

Vedanta's bouquet of industrial/developmental projects in Orissa comprises:

1. **Rs.4000 crore mega Alumina Refinery project at Lanjigarh, Kalahandi district:**

- 1 million tonnes per annum capacity
- Trial production commenced in record time
- Optimal Rehabilitation & Resettlement package for 123 displaced families
- Improved employment opportunities for 2500 people
- Niyamgiri- Vedanta Nagar Rehab Colony with all modern amenities
- Intensive cash crop cultivation project - "Sasya Silpa Abhiyaan" to boost profitable agriculture in the area
- Promoting improved livelihood through 60 Self Help Groups (SHGs) for women and men
- Addressing children's health and education for better quality of life through 29 Child Care centres and one primary school
- 122 Anganwadis in Lanjigarh block adopted to ensure quality services

- Project UDAYA - to sponsor meritorious students of Kalahandi district for higher education
- Infrastructure and peripheral development initiatives for a modern and convenient living
- Framework of participatory monitoring for meaningful community outreach
- Transformed lifestyle - smiles galore

2. Aluminum Smelter Project at Bhurkhamunda, Jharsuguda:

- First phase execution of this Rs.8,400 crore, 5 lakh tpa Aluminium smelter and 675 MW CPP in full swing
- Employment potential, direct or indirect, for nearly 6000 people
- Displaced families settled in the 1st phase of rehab colony, Maa Samaleswari Nagar, which is equipped with all modern facilities

Model of Vedanta Hospital building, under execution at Jharsuguda

- A 50-bed modern hospital with an investment of Rs.50 crore, to ensure quality healthcare, is under construction
- Fully equipped Mobile Health Units regularly in service in peripheral villages
- Plantation programme on to create Green Belts around the project
- Electrification of peripheral villages in progress, and provision made for safe drinking water
- Job related training for youth of displaced families already underway
- Major livelihood and skill development programmes for community empowerment initiated

3. Independent Power Plant Project at Brundamal, Jharsuguda:

- Construction of the 2400 MW IPP, with an investment of Rs. 7,700 crore, to meet increasing energy requirements in the state
- Earning opportunities envisaged for at least 2,500 people, directly and indirectly.

Bird's eye view of Vedanta Aluminium Complex, Jharsuguda

- First Unit expected to be commissioned in February 2009; will generate revenue of Rs. 600 crore annually, for the Government of Orissa

4. Iron & Steel Project, Keonjhar:

- 5.1 mtpa, Rs.12,500 crore, large integrated Iron & Steel project, initiated by promoters of the Vedanta group
- Expected to build a new and model steel city in mineral-rich Keonjhar district
- Integrated environment management provision together with high-tech production systems envisaged
- A 150 ft green belt around the proposed project site, covering 30% of project area
- Land acquisition process initiated, and several community development programmes already on

5. Vedanta University Project:

- Initiated by the Anil Agarwal Foundation, (a Philanthropic organization floated by Group Chairman, Anil Agarwal)
- Envisages a world-class, multidisciplinary University in India of the calibre of Harvard or Oxford

Captive Power Plant under construction at Jharsuguda

- To be managed through an endowment, based on a 'Not for Profit' philosophy
- Aims at creating state-of-the-art facilities for higher learning and cutting edge research for more than 100,000 students
- Cherished objective of putting India firmly on the global education map
- Seeks to produce Nobel laureates and world leaders in various fields - academic, community development, technology, entrepreneurship, sports, art and literature
- Envisages earning opportunities for thousands of people
- Vedanta University will contribute immensely to the socio-economic development of the entire area and beyond

Sustainability is the corner stone of Vedanta's business principles and hence, in all its project areas it has been working relentlessly for all round development so as to empower the community meaningfully. As a responsible and responsive corporate citizen, Vedanta has always taken care of the triple bottom line - economic, social and environmental, for a broad based and inclusive growth process in which the community is a consenting and constant partner.

Vedanta believes in constantly raising the bar and working with commitment to create value so as to be a reliable partner in Orissa's development.

vedanta

Partnering Orissa's Development

COLUMN:
R.K. PACHAURI

The author is the director-general of The Energy Research Institute and chairman of Intergovernmental Panel on Climate Change

Future shocks

AMIT VERMA

LIVING in this world would get much more difficult if climate change continued unmitigated in the future. Already, average Arctic temperatures increased at almost twice the global average rate in the past 100 years. Contraction of snow covered area, increases in the depth of thaw over most permafrost regions and decrease in sea ice extent are projected. Arctic late summer ice is expected to disappear entirely by the latter part of the 21st century. There would be an increase in frequency of hot extremes, heat waves, heavy precipitation and tropical cyclones.

Mountain glaciers and snow cover have declined on average in both hemispheres, and this would continue, with serious implications for India, especially for northern India — the rivers originating in the Himalaya-Hindu Kush range depend on supply from the glaciers in the region. With a decline in the mass of ice, river water flow is expected to shrink.

There are also projections of decreased crop productivity for even small local temperature increases (1-2 degrees). While this would present a major challenge to India's prospects of self-sufficiency in food production, it can also impact global food security, with dire consequences for the poorest societies in the world. Another major impact of climate change is the growing scarcity of water in different parts of the world. In Africa, between 75 million and 250 million people may be exposed to increased water stress by 2020. Perhaps the most intractable impact for the world as a whole is the sea level rise, which has dire implications for small island states and coastal regions in different parts of the globe. The mega deltas of Asia such as Dhaka, Kolkata and Shanghai are at particular risk from coastal flooding, because they are not only centres of large populations, but they also contain major physical assets and infrastructure.

It is essential that the global community mounts major efforts to reduce the emissions of greenhouse gases (GHGs) on an urgent basis. One particular scenario assessed by the IPCC clearly points to the imperative of emissions peaking by 2015. This was at the core of negotiations at the recently-held Conference of the Parties to the Framework Convention on Climate Change held at Bali, Indonesia, which motivated discussions on the need to have emissions decline soon. The faster they do, the lower would be the future impact of climate change. Adapting to the impacts of climate change is essential not only because these have already reached serious proportions, but also because climate change will continue for several decades due to the inertia in the system even if we were to stabilise the concentration of GHGs at current levels.

The solution lies in restructuring the economy to reduce its footprint on the ecosystems of this planet. Today, human society has the technological capability and aggregate economic strength to bring about the change that is required. The Brundtland Commission gave the world the definition of sustainable development as being one that meets the needs of the present generation without compromising on the ability of future generations to meet their own needs. Climate change and the pattern of development that underlies its basic causes clearly negate the applicability of this definition to the present as well as future generations.

A much higher level of public awareness would provide the best hope for political resolve being generated to meet this monumental challenge. But business and industry will have to fashion the solutions needed by anticipating the future and providing sustainable alternatives. If they do not, then they would rightly be seen as part of the problem. ■

Business and industry will need to anticipate the future and provide sustainable alternatives

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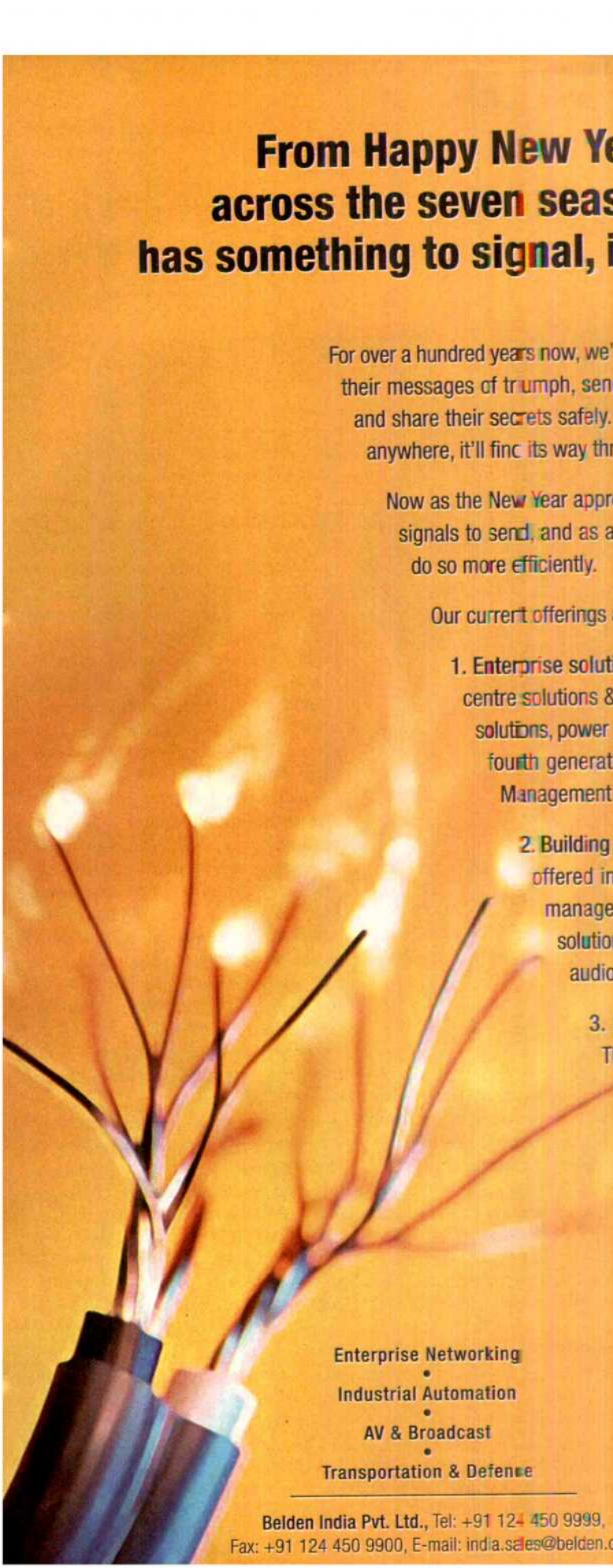

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Possible mergers

Can we create companies that rival the global biggies? Yes, but only if a few of our companies merge into mega units.

By Dinesh Narayanan

LET'S face it. Small might be cute but Goliaths are widely admired, especially in business. And, of course, the big guys wield all the clout and power. With its burgeoning population and intellectual prowess, India is certainly a lucrative market and emerging world power, but it still grapples with an irony that is most stark in sport and business. The country finds it hard to produce sporting talent that can match the best in the world. Similarly, it does not yet have enough giants that can play ball with the world's big daddies (the Tatas and Ambanis are still trying). The country desperately needs some giant corporations that would also be its flagbearers. The only way to quickly create them is intelligent consolidation. Giant corporations such as Exxon Mobil and Citigroup grew to today's size by amalgamating several smaller entities.

Exxon Mobil was the most valuable company in the world with an estimated value of $450 billion until China Petro took the title away a few weeks ago with a trillion-dollar market capitalisation. The market cap of India's most valuable company, Reliance Industries, is about $100 billion. The country's biggest oil producer and the largest by profits, Oil and Natural Gas Corporation (ONGC), is worth about $65 billion as of 20 December on the Bombay Stock Exchange. These are impressive numbers but in the global context, they are, well, small. Here is a speculative list of mergers that could ultimately spawn some Indian titans.

THE structure of the oil industry in India is somewhat different from elsewhere in the world. Unlike oil companies in other countries, the upstream business of exploration and production is largely vested with ONGC and Oil India (OIL). The downstream or refining and marketing businesses are conducted by a clutch of mostly state-owned companies such as Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation (HPCL). IOC and its subsidiaries control 47 per cent of the country's fuel sales, operate 40 per cent refining capacity and own 67 per cent of the product pipelines. Imagine merging IOC with ONGC, which accounts for nearly 80 per cent of India's oil and gas production. In fact, the government itself had toyed with the idea of marrying some of these companies. In 2004, the petroleum ministry had explored the possibility of merging IOC with OIL India and ONGC with HPCL and BPCL.

However, an IOC-ONGC combine — with a market cap of $82.40 billion — would be a stronger force, even though it will still remain dwarfed by an Exxon Mobil, a China Petro or a Gazprom. Its combined profit would be about Rs 23,000 crore (as on 31 March 2007) or about $6 billion on revenue of about Rs 2.80 lakh crore. Exxon earned $39.5 billion on revenues of $347 billion in the same period. Yet, merging the two firms will be the best shot at creating an oil giant with the capability and balance sheet strength to compete globally.

WORLD over, corporations have grown with the backing and money power lent by commercial and

Here's a speculative look at what can happen if leaders in some segments join hands

Ambani plus Ambani

Company	Net worth	Revenue	Net Profit	Market cap (20/12/07)
Reliance Ind.Inf	115.71	53.93	19.11	2,697.54
Reliance Inds.	61,255.02	1,18,353.71	11,943.40	3,94,622.38
Reliance Petro	13,448.82	0.00	0.00	93,577.50
Adlabs Films	311.19	331.64	85.33	6,039.24
Reliance Capital	5,161.23	887.00	646.18	58,385.02
Reliance Comm.	20,525.54	12,756.30	2,408.85	1,45,693.02
Reliance Energy	8,641.31	5,769.33	801.45	45,828.96
Reliance Natural	1,251.23	150.68	29.86	26,497.70
Total in Rs crore	1,10,710.05	1,38,302.59	15,934.18	7,73,341.35
In $ billion	27.68	34.58	3.98	193.34

A super bank

Company	Net worth	Revenue	Net Profit	Market cap (20/12/07)
Bank of Baroda	8,649.94	9,212.64	1,026.46	14,823.13
Bank of India	5,745.89	9,180.33	1,123.17	17,119.93
Indian Bank	3,221.32	4,284.65	759.77	7,972.23
Oriental Bank	5,600.32	5,164.90	580.81	6,331.15
Pun. Natl. Bank	10,141.61	11,537.48	1,540.08	19,586.44
Total in Rs crore	33,359.08	39,380.00	5,030.29	6,5832.87
Total in $ billion	8.34	9.85	1.26	16.46

Figures in Rs crore. Net worth, revenue and net profit figures are as on March 2007. For Adlabs Films, the figures are as on June 2007. Source: CapitalinePlus

merchant banks. As Indian companies gradually expand across the globe, they require money to fund their growth. They now rely on international banks to finance their big-ticket activities simply because there is no Indian bank with the wherewithal to take on big assignments. For example, when the Tatas bought the UK's Corus Steel, international banks led by Standard Chartered Bank loaned them over $6 billion. Indian banks later bought small chunks of the debt global banks bundled out.

The Indian banking business is fragmented between 27 state-owned banks that are pygmies compared to foreign banks. In the private sector, too, apart from ICICI Bank, there is no one that can compare with a foreign rival. Even ICICI Bank compares only in acumen, not in size or financial muscle. The best way for Indian banks is to merge into three or four large entities. That would give them a reasonable size in terms of balance sheet and market value. At present, the combined market cap of 18 top banks in India, including private and state-owned banks, is a little over Rs 5 lakh crore or about $125 billion. Forget market cap, that figure is less than Citi's 2006 revenue of $146 billion.

The government and the Reserve Bank of India have been talking about consolidating public sector banks, but not much headway has been made yet. Perhaps, they would make a start in the new year. But what if the country's two largest banks — State Bank of India and ICICI Bank — were to merge into one entity? That would be a clincher even though it would run a serious risk of culture shock short-circuiting the amalgamation.

COMBINED they thrived. Divided they prospered. That has more or less been the story of the Ambani brothers. The two richest siblings in India have fought some bitter battles and have carved up the empire that their father built. But instead of destroying it, the division has actually increased the value of their companies. They have also entered into new businesses, albeit with partial success so far. Many in the stockmarket believe that the two could again come together. It's tempting to imagine what a unified Reliance group would look like. At a total market cap of approximately $193.34 billion, it would be a behemoth straddling businesses ranging from oil exploration, refining, finance, retailing, telecom, and power generation to special economic zones and logistics. The revenues of their listed companies would be $34.58 billion and profit would be $3.98 billion.

THIS could be a journalist's nightmare. That is, a merger of *The Times of India* and *Hindustan Times*. If the two most popular English mastheads were to join up, it would certainly change the dynamics of the media industry. Though the idea may sound like the figment of a ghoulish imagination, Bennett, Coleman and Co. (BCCL), which owns the TOI, already runs a newspaper *Metro Now* with HT Media in New Delhi. Insiders say the Jains of BCCL have been making overtures to the Birlas who run HT. HT Media, which is listed on the BSE and NSE, is currently valued under Rs 6,000 crore. It had made a profit of Rs 97 crore in the year ended March 2007. The privately owned BCCL's profit was around Rs 800 crore in that year. But more than the valuation, it would be the sweep of the media market that would make such a combination lethal.

Fast corporate growth is hard to imagine without mergers and buy-outs. The largely family-controlled nature of Indian business, however, makes them difficult. But winds of change are blowing across the business landscape. They will, hopefully, sweep away fossilised mindsets and dogmas. ■

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COLUMN:
SUNIL MITTAL

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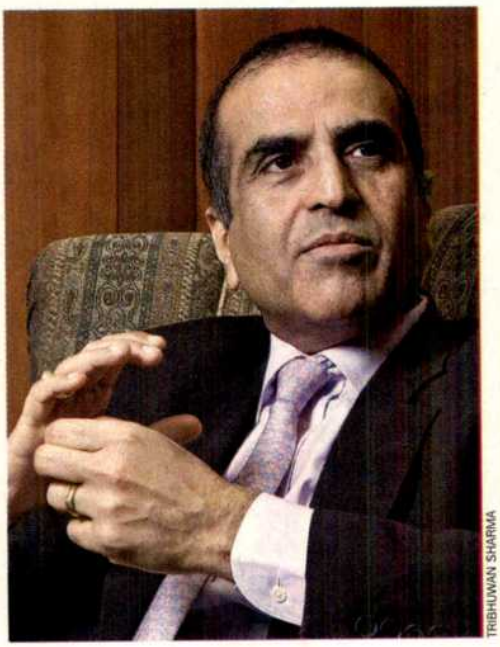
Grow together



TRIBHUWAN SHARMA

NOTED American economist Milton Friedman had once advocated that the only social responsibility of business should be to turn in a profit. Surely, there aren't many today who would subscribe to the view. But we still have not reached a point where every corporate sees its interest as inseparable from that of the wider society. Corporate leaders in India do need to do some soul searching on the issue, particularly so when the economy is doing so well.

But amidst this remarkable growth, the welfare function of the State has not been able to keep pace with the rising expectations from the citizens, especially in healthcare, education and skill training. They assume critical importance in a country where 22 per cent of the population still lives below the poverty line, more than 6 per cent of the children in the age-group of 6-13 years don't go to school and more than 34 infants per 1,000 die in their first year of birth. These disturbing statistics point to the immense job of nation building that we have on our hands today. Given the economic buoyancy we are witnessing currently, we can certainly accomplish this mission sooner than later. But we need to create more channels of distribution to supplement government initiatives. We need to build more schools, skill development centres and hospitals, particularly in villages. Indian business has been doing a great job in creating wealth for the nation. It can surely contribute in the social arena as well.

Helping the underprivileged to ascend the ladder will also assist the corporate sector in the long run. A healthy and educated population is a great source of quality manpower. In the global arena, India has already established itself as the foremost supplier of skill-based services in software development, business process outsourcing and biotechnology. To keep this leadership momentum intact, the nation needs to create a large reserve of skilled manpower.

India's working class population is expected to cross 830 million by 2016. Such a huge working class would automatically create a large consumer market, which is going to be the life breath of India Inc. Thus, a healthy, educated and well-trained population not only helps fire the production engine but also generates consumption power for sustainable long-term growth.

Reaching the underprivileged in the far-flung areas, however, is not an easy task given the urban-based establishments of corporate India. It requires a lot of commitment and zeal. Our group CSR initiative, Bharti Foundation, is engaged in a mission of setting up 1,000 primary schools (Satya Bharti) for underprivileged children in rural areas in several states. This is perhaps the single largest corporate intervention in the country in the vital area of education.

Given that projects for the underprivileged quite often lie beyond the operational expertise of corporates, sometimes it would make sense to conceive of initiatives in the form of public-private partnerships. This could facilitate a faster rollout. We are receiving tremendous support for Satya Bharti schools from village panchayats.

The government must actively encourage corporates to fund CSR initiatives by giving liberal tax breaks, as has been done in the US. The government should also actively showcase the work done by corporates in this area.

Confederation of Indian Industry has set "Building People, Building India" as the agenda for the current year. I expect Corporate India to develop more conviction in the idea of 'inclusive growth', which will make today's high economic growth both equitable and sustainable. That is the only way to bring the marginalised population into the mainstream to unleash the true potential of a billion-plus nation. ■

I expect Corporate India to develop more conviction in the idea of 'inclusive growth'

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With the highest-density tiger population in India, the Corbett Forest Department is doing a good job of conservation. But what seems to be endangered here is Jim Corbett himself.

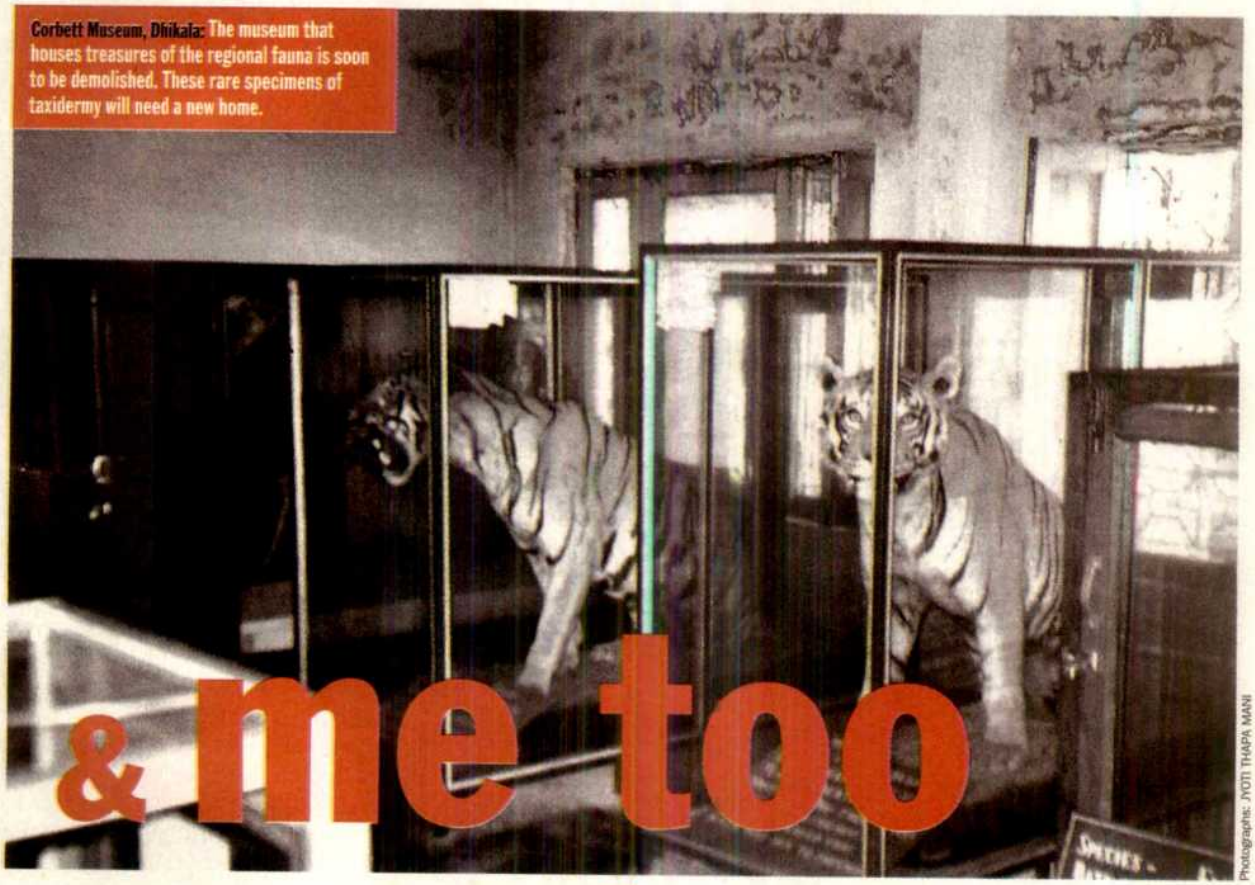
By Jyoti Thapa Mani

HERITAGE can be broadly classified in two categories. The 'living' and the 'dead'. The living includes our flora and fauna, the environment, people and cultural traditions that have been carried down through centuries. The dead includes archeological monuments and sites. The Corbett National Tiger Reserve includes both. What makes this tiger reserve so special is Jim Corbett and Kumaon. The quaintness of Corbett's period is aptly captured in his book, *Man-eaters of Kumaon*. Kumaon is now in Uttarakhand. Visitors constantly seek that era even 52 years after his death in Kenya.

'A tiger is a large-hearted gentleman with boundless courage, and when he is exterminated... as exterminated he will be unless public opinion rallies to his support. India will be the poorest for having lost the finest of her fauna'. Corbett's legendary message hangs as a forlorn board above a window in the powerless room called the Corbett Museum in Dhikala. Nevertheless, the ex-railway officer-turned-hunter-turned conservationist, moustachioed old bachelor, would be rather pleased to know that his message has not been in vain.

Today, the Corbett National Park boasts of the highest density of tiger population in India, and supposedly in the world. The tiger is a solitary animal, master of his territory of an average 10-15 sq. km. So, with a total core and buffer area of 1,318.54 sq. km and a tiger pug-count of 155, the Corbett National Park is houseful.

The upbeat mood is crackling in the reserve; forest guards with wireless sets, stray hamlets in the reserve bounded by solar-powered fencing, locals talking of food chain and ecological balances. Only 30 jeeps carrying visitors with pricked ears and eyes peeled for tiger sighting, are allowed twice a day within restricted areas. But the tigers know the human beat very well because sightings are as rare and unexpected as a rainbow in the sky. But fresh pugmarks and other signs of the wild indicate that the



Corbett Museum, Dhikala: The museum that houses treasures of the regional fauna is soon to be demolished. These rare specimens of taxidermy will need a new home.

Photographs: JYOTI THAPA MANI

JIM CORBETT'S HERITAGE: The Corbett museum at Dhikala (top), his home at Kaladhungi (middle), and snake and tiger embryos on a sliver of broken glass. The Corbett Park was named Hailey Park in 1936, renamed Ramaganga Park in 1947 and finally named Jim Corbett National Park in 1956. The crumbling museum is too nondescript to catch anyone's attention and looks like one of those 'abandoned' structures condemned to die as soon as possible to clear the area.

Illustrations: ANTHONY LAWRENCE

Panthera Tigris is watching you from somewhere, that is if it isn't slumbering away. Rajiv Bhartari, the director of forest at Corbett National Tiger Reserve, and his team's committed efforts have notched an 80 per cent rise in tourist arrivals this year from 87,000 to 140,000. The success is evident from the number of hotels and shops that are fast mushrooming. Plans for 2008 include physical upgradations, full renovation of all seven internal resthouses, development of tiger reserve in the Pauri Garhwal area, and involvement of villagers in hospitality and community development. The jeep safaris are to be changed to softer activities including elephant safaris. But Corbett's personal heritage seems to have found no takers.

IF anyone is in danger of going extinct here, it is Corbett himself. There are two museums here; one at Dhikala and the other is Corbett's home in Kaladhungi. Come 2008, the Dhikala museum is slotted for demolition. A new auditorium will be built at a cost of Rs 47 lakh at the site of this building. Dhikala is one of the seven gates to the reserve. Reminiscent of an era gone by, the museum is situated towards the right of the gate. To the left is a bust of Corbett. A shady avenue leads to what appears at first as an old forest guest house completely blending into the surroundings. The dense foliage reveals interesting camouflaged treasures. One, a natural rock memorial to those who lost their lives to save the forest. Another, a rather impressive looking motor-boat under a tin roof with no identity. This was the boat in which the Everest hero Edmund Hillary sailed down the Ramganga river at the conclusion of the Everest expedition, the guard informs on enquiry.

The museum door opens to a small hall with no electricity. The sunshine streaming from the windows adds life to the motley crew of lifeless animals and skeletons. The place is a godown of treasures. Despite the dust and cracked glass, the skill of taxidermists still brings out the magnificence of the animals. There are two tigresses and one male; two female panthers and one male leopard (they look identical, except that the panther is smaller than the leopard). These trophies are the last of these animals that one can examine at close quarters as taxidermy is banned now. The displays form a fantastic collection of fauna in the area, unbeatable by any simulated 2D or 3D electronic display.

The exhibits here are like Corbett's short stories themselves. There is a skull as large as that of a crocodile, belonging to a local fish called Goonch (*Barbarius barbarius*). A clutch of porcupine quills represents one of the most

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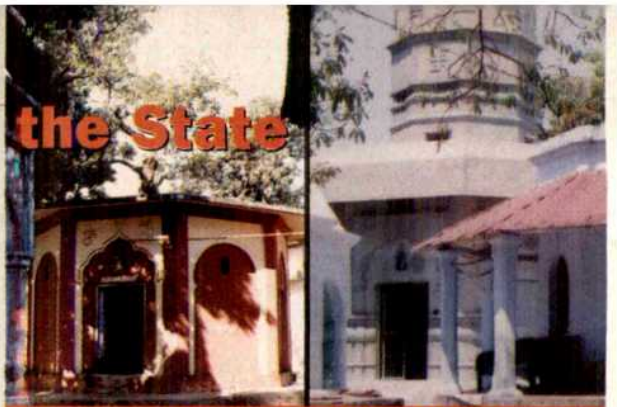
The ASI and the State



RUDRESHWAR TEMPLE, TAPOVAN, DEHRADUN: 1985 (L) and 2007 (R). The ancient shrine was named so because of a Rudraksh tree surrounded by 11 rudra lingams of Shiva. The temple now has been privately 'renovated' with a new 27-feet tower and a new single shivlingam. Public and private donors should insist on archeological clearance before supporting such reconstructions.

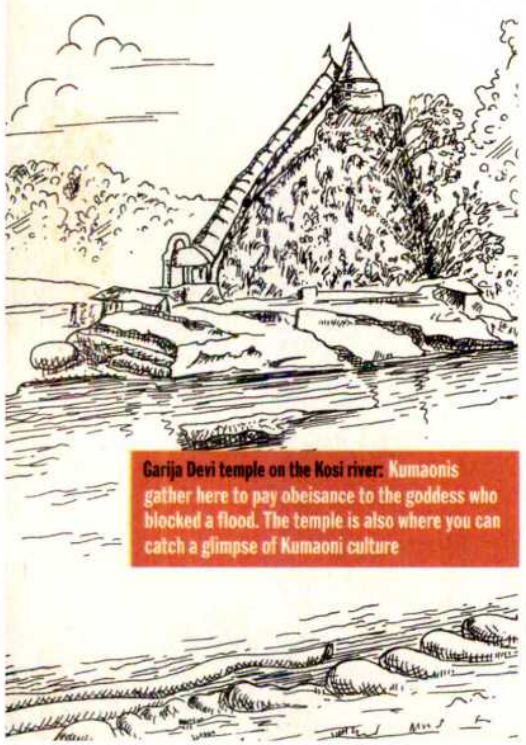
2008, according to D.R. Gehlot, director of monuments for the Archeological Survey of India (ASI), is totally committed to implementing tourist facilities in their protected sites, with special attention to the disabled. Their ongoing projects of archeological protection and conservation carry on. Besides, Gehlot informs that the ASI projects depend on accessibility and cost of running expenditures of sites. The ASI's priority lies towards antiquities of national importance. What happens then to smaller local heritage sites crying for relief from the vagaries of man and nature? This is the domain of the State Department of Archaeology (SDA), whose main objective is to conserve, preserve and beautify monuments other than those maintained by the ASI.

With centuries of pilgrimage and historic warfare, the '*Dev Bhumis*' and '*Veer Bhumis*' of the picturesque hill states of Himachal Pradesh and Uttarakhand are dotted with ancients temples, forts and vintages of the 'Raj'. It is mandatory to obtain a clearance from the ASI before dismantling or renovation, but the rule is hardly heeded.

S. Jamaal Hassan, superintendent archeologist at ASI, Dehradun explains, "We are dependant on the superintendent of police or the district magistrate (DM) unlike the Forest Department, which has powers to take action against anyone who has even felled one tree."

All top administrative officials such as DMs are acquainted during their training with the ASI Acts, but once in office, they are too busy to take any initiative unless a complaint crops up, which, at times, can be too late. It is the responsibility of the Nagar Palikas and Gram Panchayats to consult and ensure the right guidance. The ASI advises renovation with the original material, because in 90 per cent of the cases, the stones are quarried from nearby sources. The use of enamel paints is banned. Cracks are to be carefully reset with copper dowels, as iron can rust. Interestingly, the ASI Act also bans tiles, but all the old and new temples are today flush with the 'bathroom tile' culture, ironically, with grants from the government. Construction with money donated by local MLAs is a smart way of legitimising unauthorised work.

Hassan's men are restoring the Jageshwar Gurubaap at Almora, a complex of 120 temples, the British graves at Meerut and old post offices of Nainital among others. Strangely, of the 52 forts in Uttarakhand only one at Chandpur is under the ASI protection. "Budget is not the problem, manpower is. Three-and-a-half lakh positions are lying vacant in the government," reasons Hassan, who has saved Rs 20 lakh from his budget of Rs 60 lakh for financial year 2005-06. "The other factor is poor public response to the ASI's acts of protection." ■



Garija Devi temple on the Kosi river: Kumaonis gather here to pay obeisance to the goddess who blocked a flood. The temple is also where you can catch a glimpse of Kumaoni culture

common causes of a tiger turning into a man-eater. A shattered piece of a chopper in the corner tells the story of a poaching team whose helicopter crashed near the Ramganga dam. There are bottles of tiger and leopard embryos — perfect miniatures immersed in a depleted level of formalin. Most trophies displayed here belong to the period between 1979 and 1984; leopards, panthers, civet cats, elephants, deer, a Mahseer fish's heart as large as a human one. Someone must have put his soul in creating this forgotten collection.

Just like nobody visits the Dhikala museum, nobody calls on Corbett's home in Kaladhungi. Because neither are they highlighted nor maintained in a presentable state. The Corbett home in Kaladhungi houses his personal memorabilia, letters and photographs including a plan for a model village.

Sepia-toned images of solar topees, khakis, simple hill-dwellers, forest dak bungalows and the 'white Indian' Corbett who loved this place ought to be immortalised by planners. Today Corbett is just a name and a highly successful brand. For Jim Corbett's valuable contribution to tiger conservation, he has to live as a real legend, not just as a souvenir brand. A good idea would be a tourist drive through Corbett's life here: the Dhikala museum and colonial forest resthouse, his home in Kaladhungi, the nearby towns of Chhota Haldwani, the waterfalls where all the characters of Corbett's stories come alive — the orioles, babblers, langurs — villages, people, flora, rivers, fish, deer, even stones and jungle paths Jim Corbett trod on his rubber-soled shoes. So perhaps the curators would like to include experts in retaining the timepieces of Corbett's era before any modern transformations. ■

Dromoland Castle in Ireland, stop here to travel 400 years back in time.

I was driving from the spectacular Cliffs of Moher towards Galway city in the West of Ireland when I noticed Dromoland's imperial gateway proudly standing out amidst the lush green Irish scape. As I pulled closer I couldn't help but marvel at the sight of the stately manor. I wondered if a king still lived here. Wondered what history its walls were smeared with. I could almost hear battle cries and canons resound from a time long gone by. Little did I know of the reality check awaiting me inside. Courtrooms had given way to award winning restaurants, royal chambers into deluxe suites and battlegrounds tempered to a championship level golf course. I was introduced to The Dromoland Castle Hotel; rated among one of Europe's finest five star luxury destinations and once home to the acclaimed King O'Brien. And yet none of the regality had lost its sheen. The rooms were majestic, the service and cuisine only befitting the likes of a king. As I soaked in all the sheer magnificence and grandeur around me, I realised that nothing had really changed in Dromoland Castle in the last 400 years.

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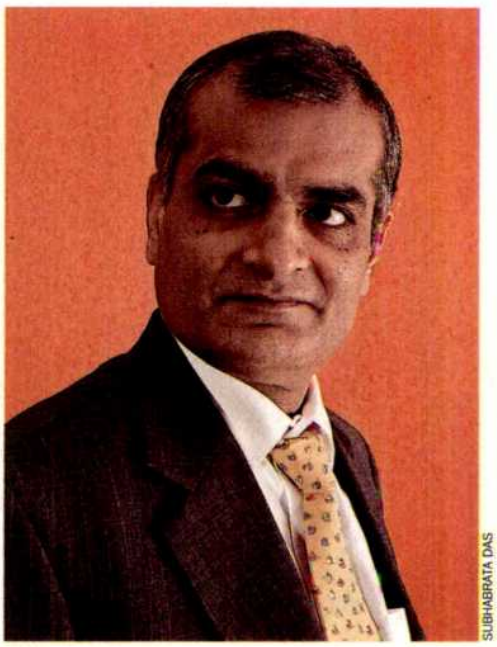
The author is the CEO of Edelweiss Capital

Hold the 'Pause'



SUBHABRATA DAS

After three to four years of hyperactive growth, consolidation would be the theme for India

WE all know stories about forecasting; I have a few of my own. All too often we confuse forecasts with wish-lists of what we would like to see. If we want to get better at forecasting, we should forget about what we think should be done and focus on the effect of what would be done. So while I would really like to see the some serious structural reforms in the next few months, the reality is that we are more likely to have a populist policy orientation this coming year. So what I want to see happen is irrelevant. So let us look at what the impact of policies will be.

The past few years in India (and globally) have been very exciting and beneficial for the capital markets. In 2007, we have had most equity markets doing well, commodity prices have been robust and, ironically, we have also had the subprime mortgage-led credit crisis. 2007 has been both a great year and a horrible year — depending on the part of the world and the asset class you operated in.

So what do we expect in 2008 in India? There are lots of exciting things around the corner for the country, but one expects that 2008 will be a year that will be relatively slower than the last. Think of it as a year of pause. With general elections around the corner, the aftermath of the subprime crisis — which is still not over — a slowdown in the US economy, the Olympics in China, etc., this should at best be a consolidation year for us. While this consolidation is underway, there are a few things that we should expect in calendar 2008.

Large amounts of capital will continue to be raised. 2008 will see large issues of capital (through both equity and debt) from Indian companies. We will see some very large equity issuances by way of initial public offerings (IPOs), qualified institutional placements (QIPs), and rights offerings. The main sectors raising capital would be banks, financial services, infrastructure companies, oil & gas and real estate companies. We expect foreign capital inflows to match new equity issuances and, hence, the market should be in balance. In the past two years, capital inflows have outstripped new equity issues and, thus, the secondary market has been buoyant.

An active corporate bond market may come to be. In 2008 we should see the early signs of revival of the corporate debt market. India has a large and robust equity market but a moribund debt market. Like all markets, bond markets have to deliver credit to corporate and it is assumed that a vibrant bond market (primary and secondary) will bring efficiencies and reduce interest costs by 100-200 basis points. This is especially pertinent for infrastructure, financial services and real estate companies. The implementation of Basel II guidelines — which requires bank loans to be rated — will act as a spur to the commencement of bond market.

The commodities cycle will slow down. With the US economic slowdown and the Chinese government moving aggressively to curb inflation, we should see commodity prices being stable and not be as upward bound as they have been in the past year — though, in terms of the US dollar, they may seem to appreciate as the dollar depreciates further.

There is likely to be a slowdown in structural reforms. With elections around the corner, we should not expect any major changes in the reform process, including in the Budget for 2008. Elections are part and parcel of any economy and given the huge anti-incumbency bias, the odds are against any big changes this year. Most moves will be populist and at best, aimed at preserving the status quo.

Industrial growth will be consolidated. Most

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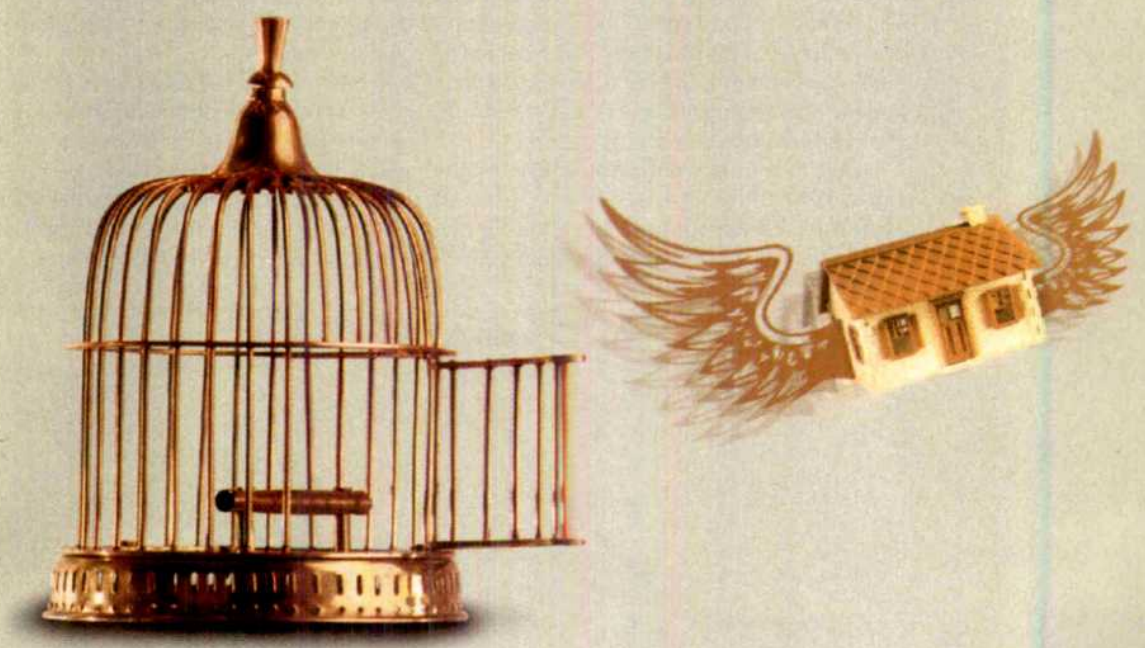

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Indian corporations are in the middle of making major capital investments, and in 2008 we should see output slowdown. The sharp spare capacity-led-uptick we had seen in industrial growth should slowdown. We are seeing early signs of the index of industrial production being consolidated and at least the growth rate of the economy will slow down.

The US impact on global economy still matters. A slowdown in the US economy is highly likely. The early signs do point towards one, propelled by a weak dollar and falling house prices. The US has been the engine for global consumption and any slow down there has global repercussions. Though India and China have been making up for some of the incremental growth, global growth should overall slow down.

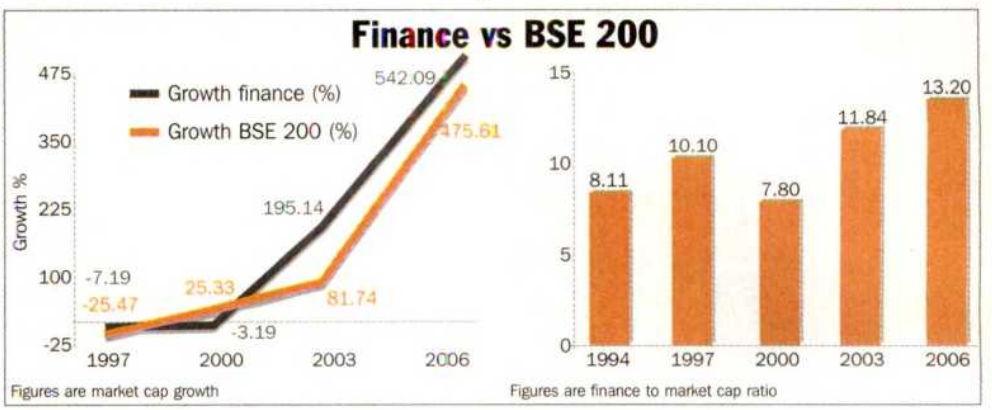
A tale of two currencies: the dollar and the rupee. From the Indian perspective, we expect some good times for the travel trade and international aviation, and reduction in duties on various luxury goods by way of the appreciating rupee. Lifestyle related consumption can only increase as larger number of luxury brands team up with real estate majors to foray into the market. I also expect international education majors to build a base here and take advantage of the expected drop in the cost of studying abroad.

India's domestic growth story will outshine the export story. In 2007, we saw a major change where the domestic growth story started becoming more prominent than the export-led growth story (export growth has been the dominant theme in India for a long time). 2008 will see export slowdown and investors will focus more on local growth plays such as infrastructure, real estate, financial services, telecom, media and entertainment, and retailing. The weakening dollar has already begun to impact exports and the outcome could also lead to large-scale repercussions on jobs or the lack of it.

The talent and space crunch will continue to persist. Any productive asset will continue to be scarce. The two most important being People and Space. We do not see people and real estate crunch easing off till middle of 2009.

A lot of development is underway but 2008 will continue to be a crunch year — in spite of the consolidation hypotheses! Ironically, there will continue to be an increase in the jobless rate at a certain level, while graduates come pouring out of universities. Employability will remain an issue. Expectedly, greater resources and training will be imparted at corporate levels; however, those initiatives may just be blimps in the vast ocean of people.

Interest rates will come down. We should see interest rates drifting downward as the Reserve Bank of India loosens monetary policy, and global liquidity continues to stay easy. In spite of the credit crisis, the global liquidity will stay robust and India will be a beneficiary of this. The implementation of the Basel II capital requirements and the development of the bond market will also contribute to bringing down interest rates.



Global liquidity flows will be more and more controlled by Asian central banks, oil exporting countries, sovereign wealth funds, hedge funds and private equity funds. As we are seeing already, the surging oil prices are only increasing the capital pool for certain oil rich nations and the liquid needs outlets. These investors, with large pools of capital, have shown that they are ready, willing and able to deploy their funds in large quantities. Most of the recent deals have been dominated by these investing entities.

Though none of us has a crystal ball that works perfectly (people with crystal balls tend to go out of business rapidly!), these are some of the predictions I would make for 2008. To sum up, the major looming theme for India would be of consolidation — and after three to four years of hyperactive growth, this is not unwelcome. ■

2008 will see a slowdown in exports and investors will focus more on local growth plays

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New horizons

UNLIKE a product, a technology is a fuzzy thing. Products are conceived with clear objectives, are developed generally by specific companies, and have precise launch dates. A particular technology, on the other hand, is developed by a multitude of scientists and engineers all over the world. It has no high-profile launches and thus enjoys lesser public visibility. It is easy to pick up the products of 2007. It is less easy to pinpoint the technologies of 2007. There was hardly a new technology in 2007 that was not available in 2006. So it would be for the year 2008 as well.

The word 'new' assumes a different meaning when applied to technology. When we talk about the technologies of 2008, we talk about those that are maturing rapidly, or are being used more widely, or that could reach a watershed mark this year. We could list a large number of them, and some of them would make it to the next year's list as well. So it makes more sense to talk about technologies of the immediate future rather than of 2008.

If you search the major labs of the

Photographs: BLOOMBERG

Vision forever

SILICON-NEURO implants: If your retina is damaged, as happens to many people as they age, your brain does not get an image to be processed. There is no treatment for degenerative retinal diseases till now. But now scientists are experimenting with replacing it completely with electrodes embedded on a piece of silicon. They are letting people see enough to make their way around objects, but the technology is expected to improve enough in a decade or two to match natural vision or even surpass it.

The human mind races and technology evolves, all to provide a better life. Following are some upcoming, disruptive technologies. By P. Hari in San Francisco

Speedy sequence

GENE sequencing: Diseases such as cancer and diabetes are not actually single diseases. They happen because of multiple problems with the body's mechanism.

They also differ with individuals, and a researcher has to know these differences while designing a method of cure.

However, so far, gene sequencing technology was too expensive to do this while a drug was being tried. Even academic research was difficult in this area because of the cost and slow speeds.

Now high throughput sequencing technologies have begun to reach mainstream laboratories and become accessible to hundreds of clinical researchers around the world, thus promising new lines of therapy soon

world, both in academia and industry, you will see technologies under development that could have momentous impacts on our lives. Many of them are technologies that we have been waiting for: clean energy, new drug discovery methods, breakthrough computing technologies, new materials and brain-silicon interfaces.

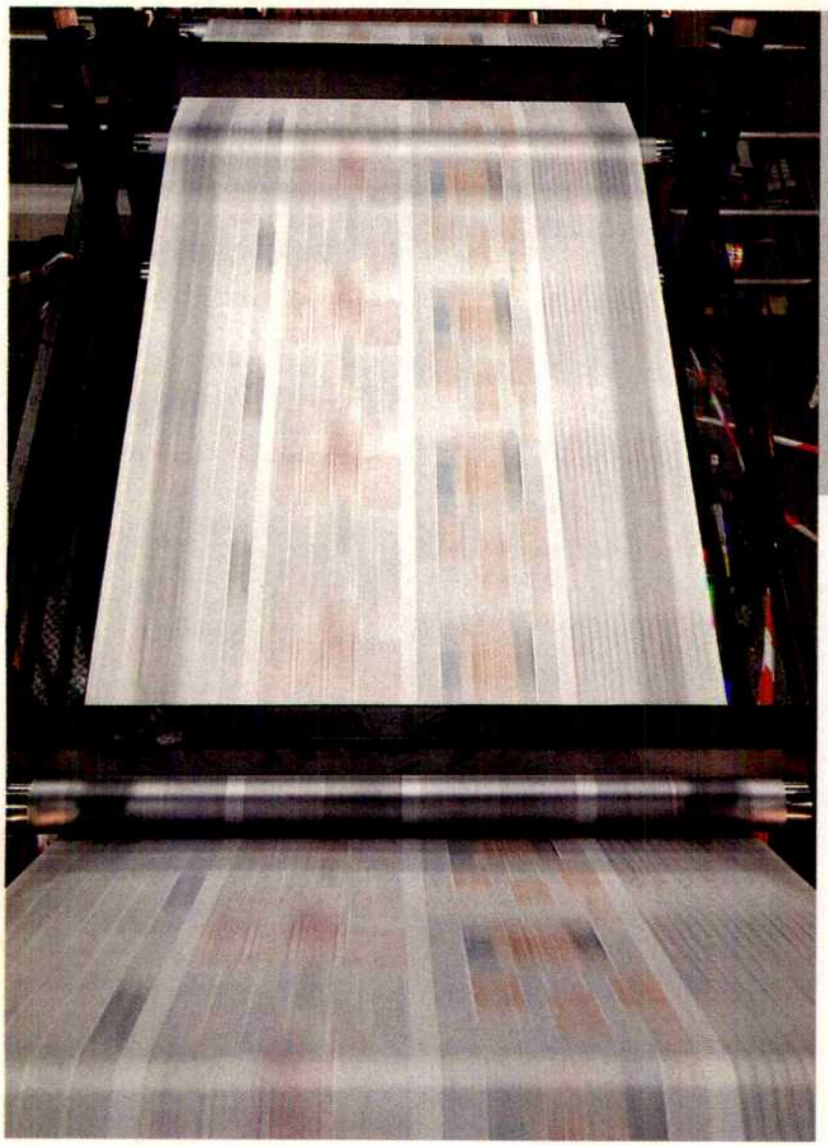
We will soon see high efficiency lighting, super-lenses, ultra-high-bandwidth optical networks, cheap and highly efficient displays, new security technologies, super-dense memory chips, ultra-fast processors, true biofuels, new therapies for diseases such as cancer, chips implanted in the eyes for vision and so on. In ten years, some of these technologies would change our lives like never before. But it is hard to predict which ones would happen this year or even next year.

The sheer breadth of contemporary technological development makes it difficult to choose a representative list. We could easily select 30 or 40 technologies that are about to breakthrough, and would still leave out many that are important. The seven technologies that are selected here thus give only a slight glimpse of what to expect, but serve as a pointer to the immense changes that are about to happen in the way we work and live.

SILICON-NEURO implants: The human brain is the most sophisticated and the most inaccessible lump of matter known to us. We are now not only beginning to unravel its secrets, but also learning to control it from outside. Beginning now, silicon technology will merge with neuroscience. It is called neuroengineering, and one of its first products is a retinal implant that will help restore some eyesight to those who have damaged retinas. University of Southern California is doing clinical trials using a chip planted with tiny electrodes. The more the number of electrodes, the better the sight. Already, using the current technology, patients are able to distinguish edges of objects.

Some day, this technology is expected to provide even better eyesight than normal people have.

But the use of silicon in the body is not limited to retinal implants. Scientists are experimenting with putting them inside the brain, to control diseases such as epilepsy. They are learning to switch areas of the brain on and off, thus offering treatments for diseases such as depression. Brain chips are promising to help victims of paralysis. The next few years would bring these technologies to a wider public. The limits to this technology would be only in our imagination.



The heat is on

NO-INK Print: An old thermal printing technology stages a comeback as Zink, abbreviation of Zero-Ink, launches a special ink-less printing paper. The dye embedded in the paper is not degraded by light and can be mass produced. The process of printing involves tiny heaters that heat the paper to release the colour. The compact size of the printer enables it to be fitted, even onto cameras, and promises to change the printing habits of people.

RAPID gene sequencing: When the first draft of the human genome was sequenced in the year 2000, the public, the media and a section of the scientific community expected a new era of personalised medicine that would be able to tackle the major diseases quickly. Yet, life turned out to be more complicated than we thought. One of the problems confronting medical researchers was this: gene sequencing was slow and expensive. So much so that it was too expensive to do genetic analysis of patients during clinical studies. But not for too long.

This year could be the breakthrough year when rapid gene sequencing becomes affordable for most clinical researchers in the world. For more than three decades, biologists had been using sequencing methods developed by the Nobel-Prize-winning British scientist Frederick Sanger. The current methods, developed by companies such as 454 Life Sciences and Solexa, are at least ten times faster and cheaper than the best Sanger methods. For example, a cancer researcher now can enrol 100 patients and sequence their genome while a new drug is being tested. Such methods will have a profound impact on research in complex diseases such as cancer and diabetes. For the first time, we will be able to see the true differences between individuals who get the disease and those who do not.

INKLESS printing: It is slightly inappropriate to include in this list a product that can turn into a monopoly. Zink, a company that came out of the bankrupt Polaroid, is about to launch a special paper that will make inkless printing possible. This paper can be of any size, and can also be manufactured cheaply enough to make it a widely accepted technology. It can shrink printers to small sizes, enough for us to put them inside our pockets. It is supposed to be non-toxic, but do not count on that yet.

Zink does not use any revolutionary technology. It uses the old thermal printing technology, where the colour is released to the paper through heating. But Zink, shorthand for zero ink, uses this technology in a special way. The dye is embedded in a paper that does not degrade with light and can be mass produced. When this paper passes through a print head, tiny heaters heat the paper to release the colour. Zink is expected to launch a printer soon and one embedded inside a camera. Zink thinks that the majority of photos taken these days are not printed. Let us see if it can make us print more.

FOSSIL fuel from bacteria: Biofuels might be the new age mantra, but they are not a good option as things stand now. Environmentalists had criticised the use of biofuels as unsustainable, and in many cases worse than using fossil fuels. But scientists are looking at ways to make sustainable biofuels, and are turning to our oldest friends:

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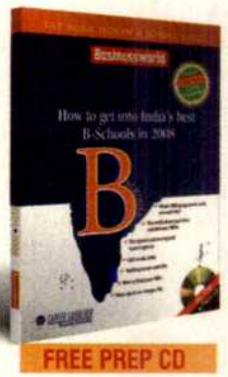

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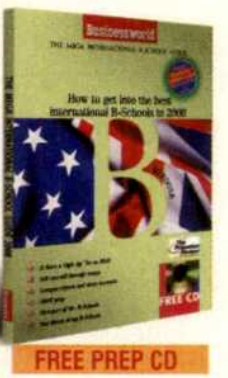

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bacteria. These organisms can convert biomass into oil. There are some who think that bacteria can be taught to fix carbon dioxide from the atmosphere and make oil directly.

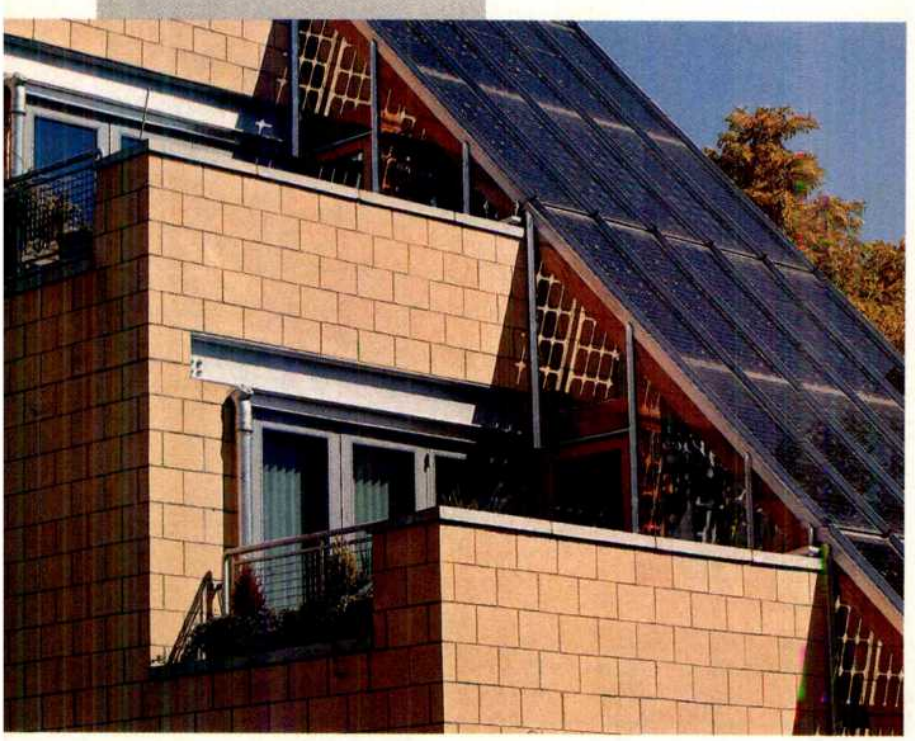
The technology will again make its debut this year. In the Silicon Valley in California, two companies are trying to use bacteria to make oil that can be used. LS9, a company in San Carlos, has already taught bacteria how to make hydrocarbons, as a material that resembles crude oil that we process in our refineries. In Emeryville, Amyris Biotechnologies has also created bacteria that can make oil, and it would be good enough for use inside cars without processing. Both companies are going to set up pilot plants this year. Their progress will be watched keenly.

PLASTIC solar cells: All of us know that solar cells are the future source of energy. We also know that we have to wait for that day, because photovoltaic cells are still expensive. However, there is another way to make solar cells: flexible plastic. They are not as efficient as conventional solar cells, but their poor efficiency is offset by their low cost. The technology is likely to make its commercial debut this year.

Plastic — or organic, as they are better known — solar cells have their share of problems. For example, they degrade very quickly. However, many companies are trying to tackle this issue. The pioneer in this area, the Boston-based Konarka, is developing technology that is cheap and easy to manufacture. Its solar cell, based on nanotechnology, is nothing more than a coat of paint. The company has just raised private funding of $45 million, which will be used to expand its marketing. If they work well, plastic solar cells could be everywhere: on our roofs, in consumer electronic products, even on soft drink bottles.

Plastic or power

PLASTIC solar cells: Current bulky and expensive solar batteries are all set to be spplemented by flexible plastic — or organic — solar cells. Plastic, in spite of its problems, outdoes the current options in terms of price. Nanotechnology may soon provide a convenient method for the use of plastic solar cells, where the treated plastic will be painted onto any free surface, from rooftops to soft drink bottles

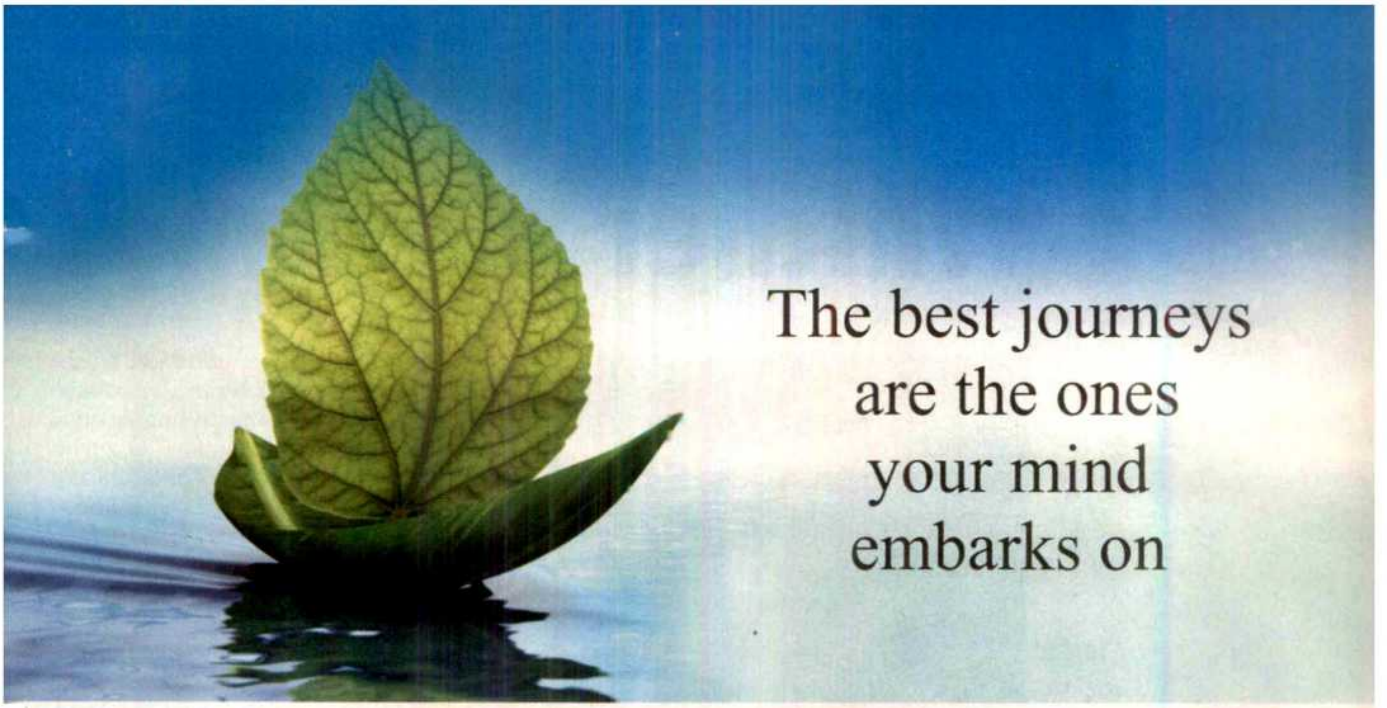


SUPER batteries: Battery technology has not seen fundamental advances for several decades. However, one company is now promising what was thought impossible: run a car for 500 miles on a charge of five minutes. In six months, the Texas-based EEStor is supposed to launch batteries that can do precisely this, with ultracapacitors using barium-titanium powders. Its claims are so tall that many industry veterans do not believe them. The fact that EEStor is very secretive does not help either. If they pull it off, the result will be a true revolution in many industries, from automobiles to computers.

Even in the case that EEStor fails, there are other exciting developments in this field. 3M, a US-based diversified technology company, is making high capacity lithium ion batteries that are better and less dangerous. Others are combining plastic solar cells with ultrathin batteries that may never need to be recharged. Under development are nanotech-based lithium batteries, thin film batteries and so on. They will find their way slowly to many devices, including electric cars.

OLED: The end of the incandescent light bulb is not far off. Or at least should be, if we look at developments in new lighting technologies. The most likely candidate to replace it is a device called the Light Emitting Diode (LED), a piece of semiconductor that emits light when supplied with a current. LEDs are widely used now in traffic lights, inside televisions, cellular phones, etc. If they reach an efficiency of beyond 80 per cent from the current 60 per cent they can result in a revolution in lighting. And this could be achieved in a few years.

But now, a new kind of LED is rapidly making its way out of labs. They are called OLEDs, or Organic LEDs. As in the case of solar cells, organic materials could be made into sheets. We could then replace our bulbs with sheets that glow. Technology like this is just being developed, but its potential is mind-boggling. If all the lighting in the world uses OLEDs, we could save upto $100 billion a year, and cut carbon dioxide emissions by 350 megatonnes. Enough reason for scientists to accelerate their development. ■



Admissions open for Post Graduate Program in Management - 2008

Great Lakes Institute of Management, founded by Prof Bala V Balachandran, in its fourth year is the fastest progressing Business School in India. Known for its elite faculty coming from top business schools around the world, it has adapted the best features of American Management education to the Asian culture and ethos. Great Lakes has made a mark in the corporate world as a B-School producing Business-Ready Managers with strong values.

Eligibility Criteria for Admissions PGPM 2008

- A valid GMAT score or CAT score of 2006 or 2007.
- A bachelor's degree in any discipline from a recognized institution.
- A minimum work experience of two years is highly desirable.

Application Procedure

- To apply online visit www.greatlakes.edu.in and fill the form by making a payment of Rs. 900 by credit card.
- Candidates can also make a payment of Rs. 900 at select IMS centers and the unique number on the brochure should be used to fill the online application. Please visit our website for the list of IMS Centres.
- Brochure and application form may also be obtained from Great Lakes Institute of Management by enclosing a Demand Draft for Rs.1000 in favor of **Great Lakes Institute of Management** payable at Chennai, along with 2 self addressed stickers (7.5cm x 3.5cm).
- At the time of interview, the candidate is required to bring the proof of payment either in the form of a credit card statement or IMS receipt.

Important Dates

Last Date for issue of Application Forms	12th Jan 2008
Last Date to submit completed Application	18th Jan 2008

* Education Loan at attractive rate can be arranged through Indian Bank.
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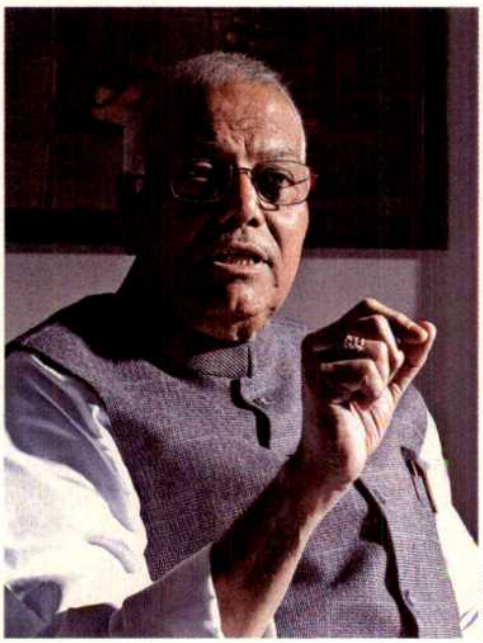
COLUMN:
YASHWANT SINHA

The author is a former finance minister of India and vice-president of Bharatiya Janata Party

Whither reforms?



AMIT VERMA

WHETHER we like it or not, politics has always dominated economics in India. Economic reforms have always been considered avoidable by the political class and, at best, a necessary evil. Politicians have been quick to lay all our ills at the door of economic reforms. But never before has the government of the day surrendered so meekly before the anti-reformists as the UPA government has done over the past three and a half years.

The irony is that this government is headed by the most celebrated economic reformer of India, Manmohan Singh, who has the able support of other famous reformers such as Finance Minister P. Chidambaram, Deputy Chairman of the Planning Commission, Montek Singh Ahluwalia and Commerce Minister Kamal Nath. What is even more shocking is the retreat into silence of the reformists in the academia, the media, industry and trade and elsewhere who have not only sworn silence but celebrate these non-performers by showering encomiums on them day in and day out.

The Prime Minister lamented the other day that subsidies were going to touch the Rs-1-trillion mark. The under-recoveries of the public sector petroleum companies alone is likely to be of the order of Rs 85,000 crore this fiscal. Yet, the government remains unconcerned. It has found a convenient way of passing the burden on to the future generations by issuing long-term oil bonds. These bonds are not reflected as a liability in the accounts of the government, however. So, this government has been issuing them freely not only for the oil companies but also for the Food Corporation of India (FCI) and fertiliser companies.

Nothing could be more convenient since it helps the government avoid raising prices of these sensitive products on the one hand and, on the other, keep its fiscal deficit artificially low. This is nothing but fraud on the exchequer and the people. It is a throwback to the old days when governments could keep their budgetary deficit artificially low by borrowing from the market and treating them as earnings until I introduced the concept of fiscal deficit in my interim budget of 1991.

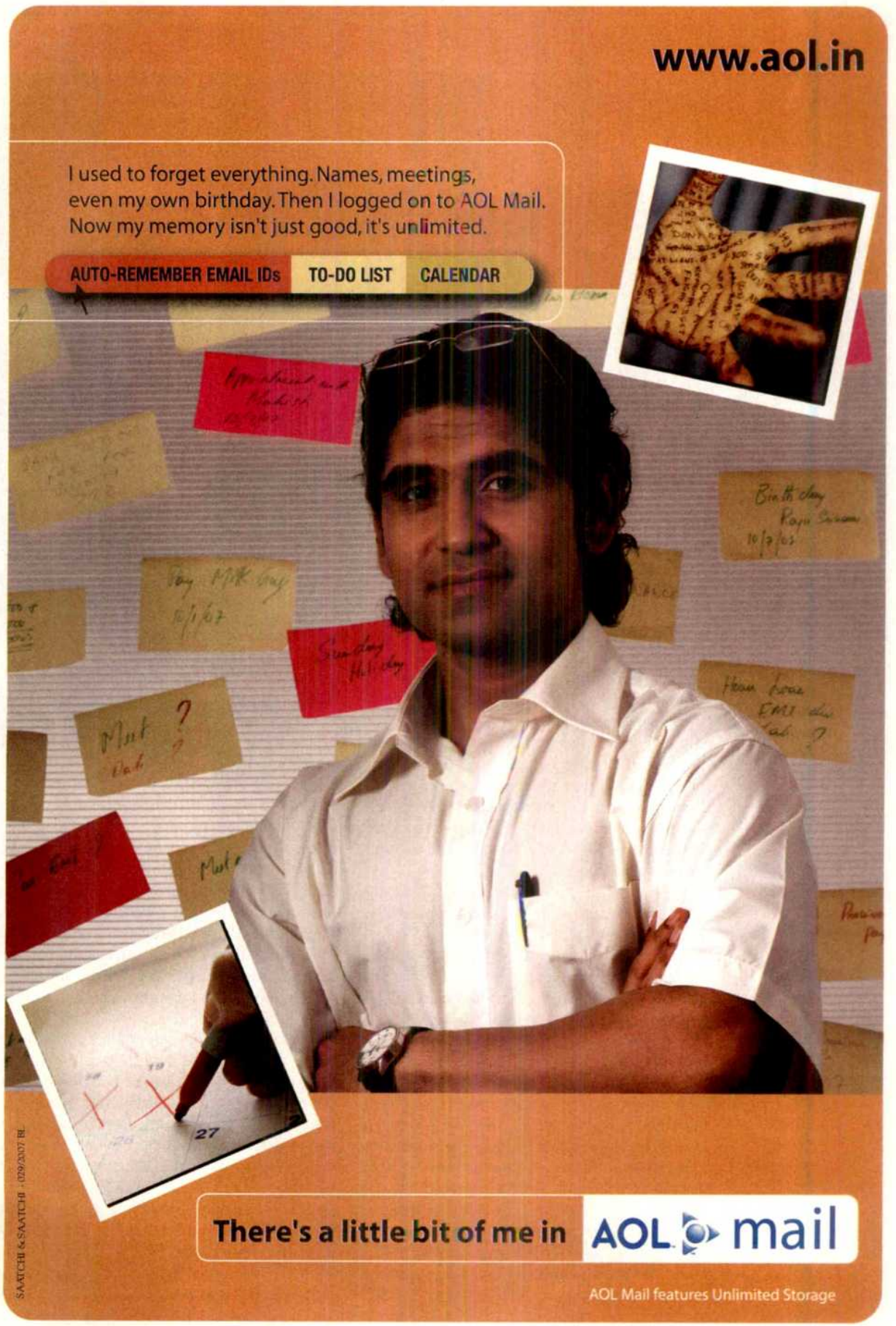
The UPA government has not even been able to take forward some of the reforms, which were works in progress when we left office. The most notable of course is pension reforms where it has not been able to muster the courage to bring back the legislation it had introduced in Parliament even after the report of the standing committee for the consideration of Parliament.

The increase of foreign equity in the insurance sector to 49 per cent, announced in the first budget of the finance minister, remains on paper. In fact, this government has not carried out a single major economic reform during its existence so far.

Similarly, it has not taken up a single mega infrastructure project comparable to the NDA's highway project so far. It is a pity that the highway project, too, is languishing. After touching a record number of kilometres (2,349 km) completed in 2004-05 largely as a result of the work done in the previous years, the achievement has fallen to 727 km in 2005-06 and further to 636 km in 2006-07 as against a target of 2,004 km in these two years. The finance minister has talked of funding for infrastructure development and of public-private partnership in every budget, but very little is visible of its impact on the ground.

Inflation and interest rates are issues of huge concern for the economy. The government has

It is the responsibility of every government to resist populist pressures and move ahead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I used to forget everything. Names, meetings, even my own birthday. Then I logged on to AOL Mail. Now my memory isn't just good, it's unlimited.
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CALENDAR
There's a little bit of me in
AOL mail
AOL Mail features Unlimited Storage
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AP

MAKE IT BETTER: The quality of life in rural areas must be improved in the shortest possible time

failed miserably on this front. The price rise of essential commodities cannot be brought down through monetary measures. They need better supply side management. The patient has pneumonia and is being treated for TB. The deleterious impact of this is already being felt in the housing sector, which was the major driver of the economy in the past few years. Its adverse impact is already visible in the deceleration of demand for consumer goods.

The finance minister is happy that the demand for capital goods is still buoyant. We must remember that the cycle begins with consumer durables and ends with capital goods. A vehicle will run only as much as the fuel that has been put in it. The fuel, which we had put in the vehicle of the Indian economy when we were in office, is running out. Soon, the vehicle will slow down and then stop.

Every government is under pressure from the political class and the vested interests to be 'populist' and 'status quoist'. It is the responsibility of every government to resist these pressures and move ahead. If it cannot, it has no business to be in office. This government has repeatedly proved that it prefers power over principles, expediency over consistency and convenience over conviction. In the process it is not only doing long term damage to the economy, it is creating an anti-economic reforms climate that will be difficult to get rid of easily.

The one great thing that has happened over the past few years is the emergence of a strong and vibrant private sector in India, which is largely free of the government. The public sector has also become leaner and more efficient as a result of its exposure to competition.

Globalisation has also done a lot of good to our economy. But major problems remain, especially in the rural and agricultural economy. Along with building the national infrastructural networks, we must be able to concentrate on building the rural infrastructure. The provision of *bijli, pani* and *sadak* for all our rural population can be postponed no longer. The quality of life of these people must be improved in the shortest possible time.

And finally, the development of human infrastructure cannot be neglected any more. We need a hundred institutes of excellence on the lines of the IITs and the IIMs across the country. Vast sections of our young population have no access to these centres of excellence simply because they do not exist in sufficient numbers for everyone to be able to benefit from them and are not fairly spread out throughout the country. This deficiency is only accentuating regional disparities. Inclusive growth will remain a chimera if human resource development is not treated as a priority item in the backward areas. ■

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SAATCHI & SAATCHI 029/2007 BL

Designed to impress

THE year 2007 was undoubtedly the year of the iPhone as far as path-breaking gadgets are concerned. The whole world waited in anticipation as Apple unveiled its one-in-all smart phone on 29 June.

Then there was Kindle — the much-hyped e-book reader from online retail giant Amazon — which many claim (in a rather awestruck fashion) to be the iPod of books. This, when Sony launched its Reader, which uses the same technology, almost a year prior to Kindle.

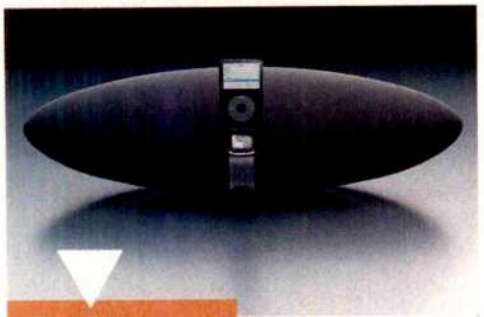
2008 could very well be the year of the Google Phone. There has been much speculation about when the omniscient search engine will launch the much-awaited phone.

But there is a completely different range of innovative gadgets out there that gets lost somewhere in the hype created around the iPhones and the Kindles of the world. Some of these gadgets may have what it takes to be the next big thing. Here's a look at a few of them.

By Jayant Singh

Xacti E1
Price: $499.95
Company: Sanyo
Status: Launched in 2007

DESIGNED to resist pressure created upto five feet under water, Sanyo's Xacti E1 is the world's first water-proof camcorder. Equipped with a digital camcorder that records full 640x480 resolution videos at 30-frames-per-second and a high-resolution 6-mega pixel camera for still images, it comes with AVC/H.264 video compression for faster and easy sharing of heavy MPEG files. The files can be compressed by almost 25 per cent of their original size. Weighing a mere eight ounces, it can shoot for up to 1 hour 20 minutes per 1 GB memory card.



Zeppelin
Price: $599.00
Company: Bowers and Wilkins
Status: Launched in 2007

APPLE'S iPod is, perhaps, the greatest gift of technology to music in the last century. Cashing in on the 'iPod Revolution', a whole range of gadgets enhancing the iPod's unique features has entered the market since then. B&W Zeppelin is one of the hottest iPod accessories to have hit the market recently. Complete with an iPod dock — that is not only compatible with all categories of iPods, but also MP3 players — the Zeppelin provides high-quality stereo sound and can also be used to connect the iPod to a television for channeling images.

SlingCatcher
Price: ~$200.00
Company: SlingMedia
Status: To be launched in 2008

THIS one is from SlingMedia, the makers of Slingbox. While the Slingbox was designed to transfer the user's TV programming to the PC via the internet, SlingCatcher is the complete antithesis of this. It is a composite of the SlingProjector and SlingPlayer applications. The former enables transfer of PC content (videos, images, sound files and even Net-based content) to the TV, whereas the latter helps transfer content from one TV to another within the house or even remotely.

Using its hard disk drive attachment, SlingCatcher makes it possible for the user to download or stream content directly from the internet to display on the TV without a PC coming into the scene. It uses both wireless networks as well as a standard Ethernet jack to connect to the home network.

Ananda Patrika

ABP reaches 57% home theatre owners in Kolkata.
34% more than what The Hindu does in Chennai.

Anandabazar Patrika

Not just a large newspaper. A large market.

Source NRS 2006

DATES DAVID ENTERPRISE 2006

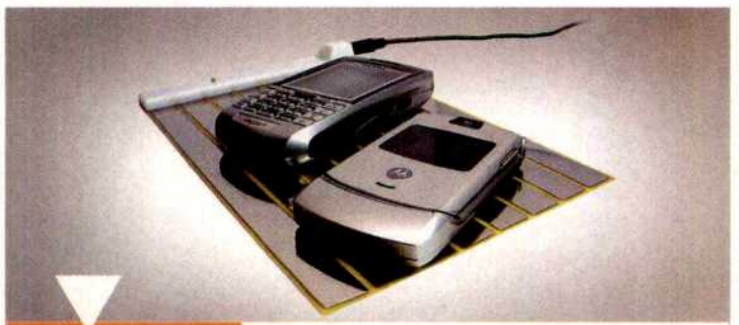
Belkin TuneStudio
Price: $249.99
Company: Belkin
Status: Launched in 2007

THIS miniature home studio allows the user to mix and record music directly on the iPod. Complete with an iPod dock, TuneStudio allows up to four different instruments or audio sources to be connected to the iPod simultaneously. However, it is compatible only with the fifth generation video iPod, which is owned by a relatively small section of iPod users. Given its portability and the absence of any major complexities, TuneStudio would be an apt purchase for aspiring musicians.

ITC One
Price: $24,995.00
Company: SE2 Labs
Status: Launched in 2007

EVER heard of the Six Million Dollar Man? Part man and part machine, this popular TV character from the 1970s was fitted with an assortment of gizmos that gave him superhuman powers. Well, if there had to be a Six Million Dollar home entertainment system, SE2's ITC One would be it. It has *everything*, and the word can't be emphasised enough. Here's a list of what it includes: Microsoft Xbox 360, Microsoft Xbox 360 HD DVD player, DirecTV high-definition personal video recorder, Bryston digital surround sound processor, Apple video iPod with a universal dock and much more. And it is all custom-made. The buyer can choose to include or exclude various components from their order, which is then built accordingly and shipped to the consumer within days.

ITC One's user-friendly design eliminates the need for separate connections and fittings for each component.



WildCharger Pad
Price: $60.00
Company: WildCharge
Status: Launched in 2007

VOTED as one of the best inventions of 2007 by *Time* magazine, the WildCharger pad is certainly a mini-revolution of sorts. It involves fitting a special adapter plate at the back of the phone and laying it on top of the pad, which delivers up to 15 watts of electricity and can charge 3-5 devices at a time. It has even received a US patent. By mid-2008, the company intends to make the pad a more universal option by making it compatible with a wider range of products. Although WildCharge offers adapters compatible only with Motorola's RAZR line of phones as of now, it will soon launch adapters offering compatibility with other mobile phones (including the Blackberry model of smart phones) as well as with music and video devices such as the iPhone, iTouch and iPod Nano.

Denali LE Media Centre
Price: $11,599.00
Company: Niveus
Status: Launched in 2007

ANY high-end home theatre system would be incomplete without the Denali Limited Edition media centre from Niveus. It allows the user to view normal DVDs in high definition. It comes with a specialised hard drive with 1.5 Terabyte (1,500 GB) of storage, which comes to as much as 150 hours of HDTV recording, 4,500 hours of digital music and 1 million high-resolution pictures. It also enables the user to access the internet via select media portals made for your TV.

Ananda Patrika

ABP reaches 48% PC/laptop owners in Kolkata.
8% more than what HT does in Delhi.

Anandabazar Patrika

Not just a large newspaper. A large market.

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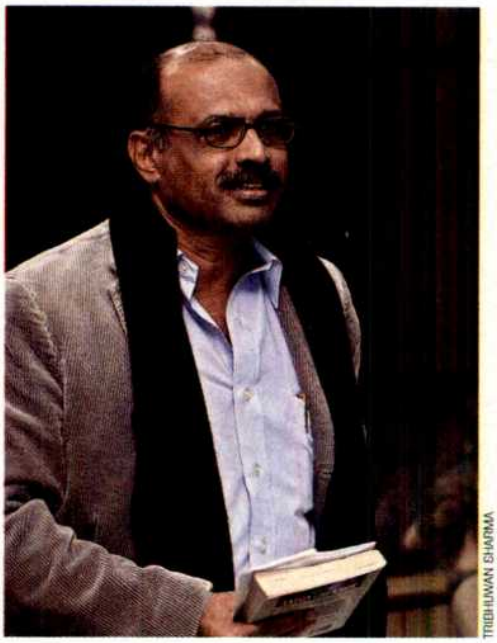
DATES DAVID ENTERPRISE 2007

COLUMN:
G.R. GOPINATH

The author is the founder of Deccan Aviation

Avoid oligopoly



TRIBHUVAN CHAPRIA

IN developed economies, air transport has played a key role in economic growth by facilitating integration with the national and global economy. In India, even as economic growth has been the key driver for rising demand for air travel, the boom in civil aviation itself is pivotal for economic growth. Air connectivity provides growth impetus to all sectors by providing better access to consumer and capital markets, and enhancing links within and between businesses on an inter-region and international scale. Given that air connectivity reflects the economic importance of various cities and regions, civil aviation has to be at the centre of our planning for economic growth.

For over 50 years, government-owned airlines and public sector airports is all that Indian aviation had to offer. Liberalisation gave the industry a new lease of life with privately-owned airlines creating a competitive industry. International Air Travel Association estimates India and the Asia-Pacific region to be the fastest growing markets in the world and that domestic traffic in India's aviation sector will grow at approximately 35 per cent in the next decade. As per estimates, India will need as many as 800 additional aircraft over the next two decades, worth more than $72 billion, to meet the growing demand.

Despite this growth, India's per capita air ticket consumption is abysmally low compared to developed countries such as Japan and Germany, as well as new age economies such as Malaysia and South Korea. Malaysia, with a population of 25 million, consumes 18 million air tickets annually. India, with a population of 1.1 billion, consumes only 35 million. At 0.01 air trips per capita, India is said to rank between Ethiopia and Nigeria, countries with much lower GDPs. The situation is compounded by the fact that we are ill-equipped, in terms of infrastructure and planning, to sustain the present boom in the sector and take it to the next level.

Our airports can't accommodate new aircraft and the rush of passengers and air traffic congestion is leading to chronic delays mounting to losses worth crores of rupees. We can't operate to new destinations because new parking slots are not available in Delhi, Mumbai and Bangalore airports, India's busiest hubs. Rising fuel prices and shortage of skilled manpower are expected to put further pressure on airline operators. Passenger growth and urgent need for infrastructure creation has finally paved the way for airport expansion projects, but even this has not helped the aviation industry get an 'infrastructure' status. It is obvious that there is a disconnect here between what is on paper and the ground reality.

Fact is, competition wants opening up and participation, but, once a part of the system, it would rather have in place entry barriers that restrict other players. We are heading towards replacing public sector monopoly with private sector oligopoly. The former creates an indifferent product while the latter ends up fleecing customers. In the UK, private sector airport service providers have come in for heavy criticism for levying undue and erratic charges on operators and passengers. Likewise, polices favouring Air India-Indian over other airlines is also inimical to the growth of a competitive industry.

As a country, we are not short on well researched policy frameworks and guidelines. What is lacking is the willingness to act. Ultimately, a policy framework must benefit all stakeholders and must cater to changing needs and circumstances. In response to the creation of active monopolies in the aviation industry, there have been recent pronouncements from the government regarding plans to set up a regulator for civil aviation. This move would be welcome, provided it's a regulator for competition and not monopoly. ■

We are heading towards replacing public sector monopoly with private sector oligopoly

ABSOLUTE RETURN AS ON NOVEMBER 30, 2007		
Period	**DSPML TAX SAVER FUND (Growth Option)**	**S&P CNX 500**
Since Inception	58.58%	42.58%

The "Returns" shown above do not take into account the entry load. Hence, actual "Returns" would be lower. S&P CNX 500 index as of November 30, 2007 was 4,869.55 Note: As per the SEBI standards for performance reporting, the "since inception" returns are calculated on Rs. 10/- invested at inception. For this purpose the inception date is deemed to be the date of allotment, i.e. 18-Jan-07. NAV as on November 30, 2007 was Rs. 15.858 (Growth Option). **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.**

Investment Objective: Open ended equity linked savings scheme, whose primary investment objective is to seek to generate medium to long-term capital appreciation from a diversified portfolio that is substantially constituted of equity and equity related securities of corporates, and to enable investors avail of a deduction from total income, as permitted under the Income Tax Act, 1961 from time to time. **Asset Allocation:** (1) Equity and equity related securities: 80% to 100%; Of (1), investments in ADRs, GDRs and foreign equity securities: 0% to 20%; (2) Debt, securitised debt and money market securities: 0% to 20% (Exposure to securitised debt will not exceed 10% of the net assets of the Scheme). **Terms of Issue:** Rs. 10/- per unit plus applicable Entry Load. Min Investment–Rs.500/-. **Investor Benefits & General services:** Declaration of NAV, sale (at Purchase Price) and redemption (at Redemption Price, subject to completion of a 3 year lock-in period from the Date of Allotment of Units) on all Business Days with redemption payout normally within 3 Business Days. **Load Structure:** Entry-2.25% (for investments < Rs. 5 crore) & 1% (for investments through SIP); Exit-Nil. **Statutory Details:** DSP Merrill Lynch Mutual Fund was set up as a Trust by the settlors, DSP Merrill Lynch Ltd. (DSPML) and Merrill Lynch Investment Managers LP, USA. Sponsors: DSP ML, DSP HMK Holdings Pvt. Ltd. and DSP ADIKO Holdings Pvt. Ltd. (collectively)(Liability restricted to Rs. 1 lakh). Trustee: DSP Merrill Lynch Trustee Company Pvt. Ltd. Investment Manager: DSP Merrill Lynch Fund Managers Ltd. **Risk Factors:** Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of Units issued under the Scheme can go up or down depending on the factors and forces affecting capital markets. Past performance of the sponsor/AMC/mutual fund does not indicate the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return or dividend. DSP Merrill Lynch Tax Saver Fund is the name of the Scheme and does not in any manner indicate the quality of the Scheme, its future prospects or returns. For risk factors related to trading in derivatives and overseas investments, and other scheme specific risk factors, please refer the Offer Document. **Please read the Offer Document and KIM (available at www.dspmlmutualfund.com/ISCs/distributors) carefully before investing.**

1694.2007

Calendar 2008:

A pick of the national and international events in

January

8 General elections in Pakistan

10-17 Auto Expo 2008 in Delhi

23-27 Annual World Economic Summit in Davos, Switzerland

February

11-15 Open Source India Week 2008, Bangalore

13-15 Nasscom India Leadership Forum, Mumbai

28 Mumbai International Boat Show

Pakistan gears up for a democratic showdown

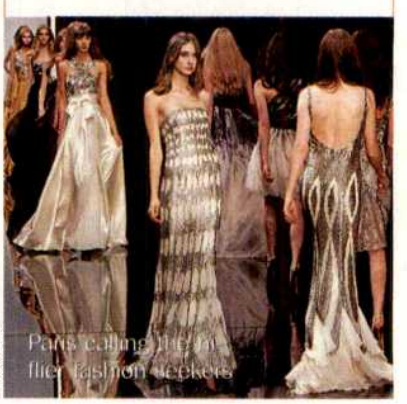
AP

March

16 2008 Formula one season begins in Melbourne — the first with an Indian team

* Paris Fashion Week (prêt a porter) Fall/ Winter 2008/09, Paris

* Zimbabwe, Taiwan, Spain and Russia hold Presidential and General Elections



Paris calling the jet-set flier fashion seekers

BLOOMBERG

July

7-9 G8 Summit in Japan

24-31 August Edinburgh Art Festival, Edinburgh

31 Bill Gates steps down as Microsoft Chairman

World politics over sushi

BLOOMBERG

* Dates not fixed

August

8-24 29th Olympic Games begin in Beijing, China

25-28 Democratic Pary announces its candidate for the US Presidency

* Wiki fans celebrate Wikimania 2008 in Alexandria, Egypt

The local race at the 2008 Olympics

AP

September

1-4 Republican Party announces its candidate for the US Presidency

14-16 Annual snake-boat race in Payippad Lake, Kerala

* 63rd Session the UN General Assembly takes place in New York

Highlights

the coming year that you cannot ignore...Plan on!

April

20 Elections in Paraguay

22 Global Earth Day Celebrations

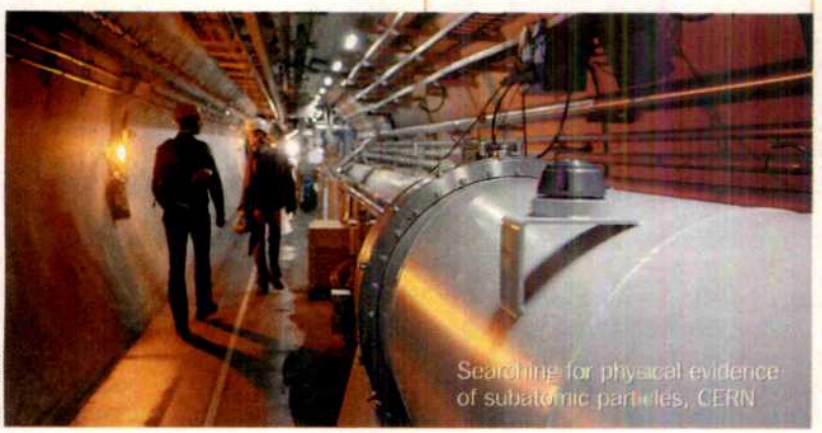
* Rs 20 lakh, Gool S Poonawalla end-of-season horse race in Mumbai

May

1 Global May Day Celebrations

14 Israel celebrates 60 years of Independence, Palestinians mourn the 'nakba' (catastrophe)

* The Large Hadron Collider goes live at CERN, near Geneva, Switzerland



Searching for physical evidence of subatomic particles, CERN

BLOOMBERG

June

7-29 UEFA 2008 is jointly hosted by Switzerland and Austria

23-25 World Cities Summit 2008, Singapore

* The North Atlantic hurricane season begins

Rising to the good times at UEFA Champions League

BLOOMBERG

October

12-18 Commonwealth Youth Games in Pune

* La Francophonie, an international organisation of French-speaking countries meet in Quebec, Canada

* Presidential elections in Azerbaijan. Parliamentary elections in Belarus

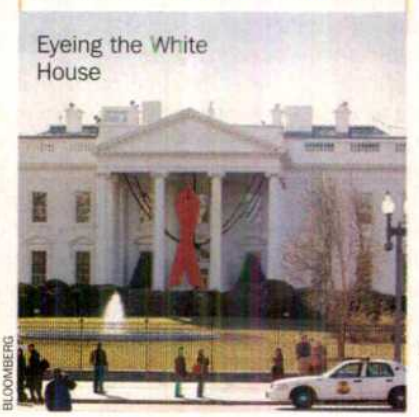
Synchronising the efforts of a hundred in Kerala

November

4 US Presidential elections

5-13 Annual Camel Fair in Pushkar, Rajasthan

* Wal-Mart to open its first store in India in a J-V with Bharti Enterprises



Eyeing the White House

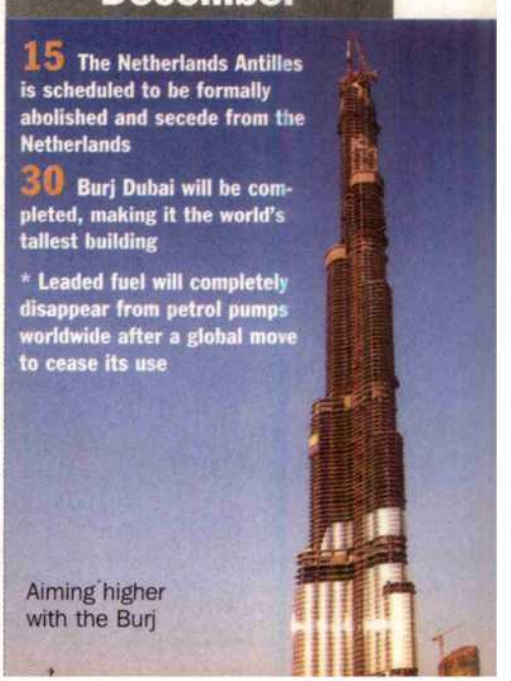
BLOOMBERG

December

15 The Netherlands Antilles is scheduled to be formally abolished and secede from the Netherlands

30 Burj Dubai will be completed, making it the world's tallest building

* Leaded fuel will completely disappear from petrol pumps worldwide after a global move to cease its use



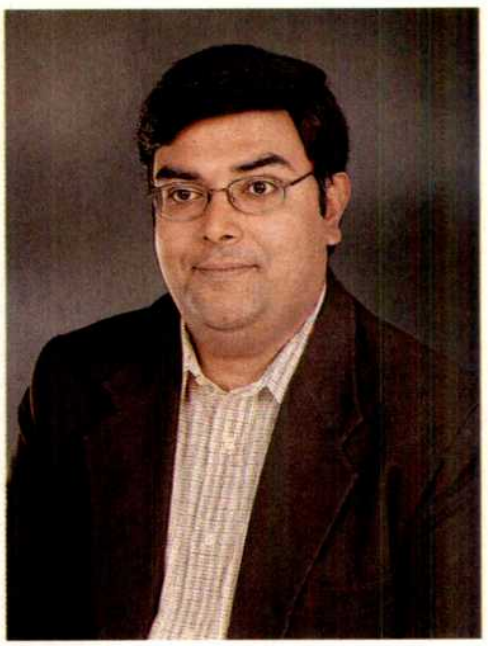
Aiming higher with the Burj

BLOOMBERG

COLUMN:
KARTIKEYA KOMPELLA

The author has written two books on branding. He can be contacted at kartik_kompella@rediffmail.com

For a good cause



YEAR 2007 saw more organisations in India trying their hand at cause-related branding than ever before. Companies consciously associated with a cause or practised corporate social responsibility (CSR) in a manner that tried to create an image or business benefits for their brand. Ever so often, there would be an ad by a company proclaiming its association with a cause. Builders used cause-related branding to whitewash their image by mentioning that a part of the proceeds of their sales of apartments would be donated to charitable causes. Retailers tried to influence shoppers' preferences by showing a benevolent side. Consumer goods brands occasionally flashed their concerned side to convince consumers of their caring nature.

The action was largely amongst the smaller players who tried to test the waters of cause-related branding with promotions. The large players seemed muted in their efforts — barring ITC, which repeated its environmental din with Shah Rukh Khan. But the problem was that most promotions were poorly thought-out and horrendously expressed. It seemed as if organisations with 'cause' sensibility had lost all other sensibilities. Companies announced 'cause' tie-ups in a hurried manner — with an undisguised focus on sales. The onus was clearly on consumers to buy from unknown companies just to allow these companies to donate to various causes. Though in 2007 most cause-related branding efforts reeked of crudeness and insincerity, the attempts were a step in the right direction. Year 2008 will see more organisations move towards cause-related branding to tap the growing social interest of consumers.

Cause-related branding will evolve in 2008 with more organisations taking to it

The CSR Custodians

Companies that practise CSR need to look at their initiatives and see how they can serve a brand purpose too. Cause-related branding is not about crass commercialisation of CSR; it's about sensitively and strategically deriving brand benefits through intelligent alignment of the brand with CSR. By not getting an image benefit from its CSR, an organisation does not prove that it has a conscience; it only proves that the organisation has wasted an opportunity. It is admirable for a company to practise CSR without wanting any image benefits but such altruism is rare. It is only when investors see a return on their CSR investment that they, and others, will want to invest more in cause-related branding.

CSR practitioners have to make a mindset shift from a CSR orientation to a cause-related branding orientation just as they have to make a transition from a cost centre mindset to a social and business investment mindset. This means recognising the potential of cause-related branding, involving the marketing department (the brand custodians) to see how the brand can benefit from the CSR initiatives, and developing and following a clear plan instead of ad hoc functioning. It is only when CSR practitioners ask more from their CSR investment that they will move towards cause-related branding.

Marketing Involvement

Philanthropy be damned — let business prevail! There is an existing, fairly evident consumer trend of growing social consciousness that marketers can see. Whether the brand believes in CSR or not, there is a chance to tap this consumer opportunity. A well-crafted cause-related branding programme such as the Saffola Heart Foundation can deliver results like any other marketing investment. The sooner marketers get into the cause-related branding space, the better it will be for them as they will have more options for getting the right cause associations

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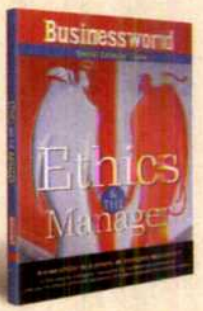

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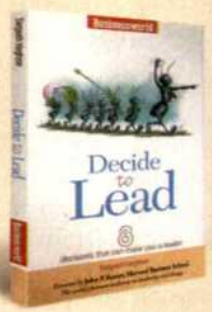

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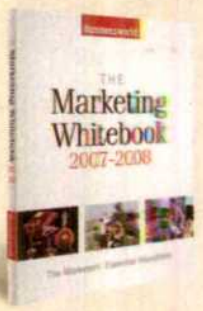

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IT PAYS TO BE GOOD: Companies such as NTPC, which get a return on their CSR investment, inspire others to invest in cause-related branding

and less cause clutter.

Advertising, PR and marketing consultants need to step forward. If there is a marketing opportunity to be tapped, then it is the responsibility of marketing consultants, advertising and PR consultants to step forward and recommend it to brands. They need to put together a cohesive workable plan for their clients to see the value of such investments and the brand benefits it could lead to. The lack of awareness and belief in cause-related branding as well as the knowledge and conviction to strongly recommend it, has kept the marketing and communication consultants in the background.

Non-Profit Cause-Related Branding

Many non-profits are not aware of cause-related branding and hence are not in a good position to exploit its potential to their benefit. Non-profits could ideally use cause-related branding as a means of targeting brands that could get image benefits from aligning with the non-profit. For example, non-profits in the eyecare segment can target eyecare brands. The non-profit could get support from the brand and the brand could get image benefits from the non-profit and the cause programme. Consider this: there are a variety of non-profits — high profile and otherwise — in the child care space, just as there are many high-profile, high-spending brands in the child products space. However, one sees very little cause-related branding in this segment. Non-profits need to understand cause-related branding to be able to make their fund raising pitches more meaningful, aggressive and successful.

A Sneak Peek Into 2008

Cause-related branding in India will evolve slowly in 2008 with more and more organisations trying to make it work. Individuals' social interest will continue to grow and there will be a very gradual inclusion of cause as a criterion for choosing a brand. A growing number of marketers will look at tapping this vein of social interest through cause-related branding, provided a US recession does not spook CSR spends as well as increase pressure on sales.

The lack of adequate resources and belief in cause-related branding will ensure a continued lack of effort in developing well conceived and executed strategy, and this will further the number of unexciting programmes with lack lustre results. But trial and error will continue and as with any field there will be a slow build-up of knowledge leading to improved results.

So, is this field doomed to a very slow evolution? Not necessarily. There is a possibility that everything can turn around and rapidly accelerate towards progress. Somewhere in the year, one great cause-related programme could turn everything around. One great campaign by a large brand that touches a chord and provides visible results will suddenly turn the tide strongly in favour of cause-related branding programmes, inspiring many organisations to give cause-related branding a good, hard try.

Indian marketing is talented and opportunistic: if one brand shows the potential of cause-related branding, others will rapidly beat a path to the best programme. Marketing folk, advertising and brand consultants and PR professionals in tow will surge forward in search of the Holy Grail of cause-related branding.

India needs a catalyst that can accelerate adoption of cause-related branding. The consumer opportunity is discernible and the marketing capabilities of Indian brands are time tested. The scene is set for a 'braveheart' who can instill belief in the rest of the brands and make it truly a happy year for business and society! ■

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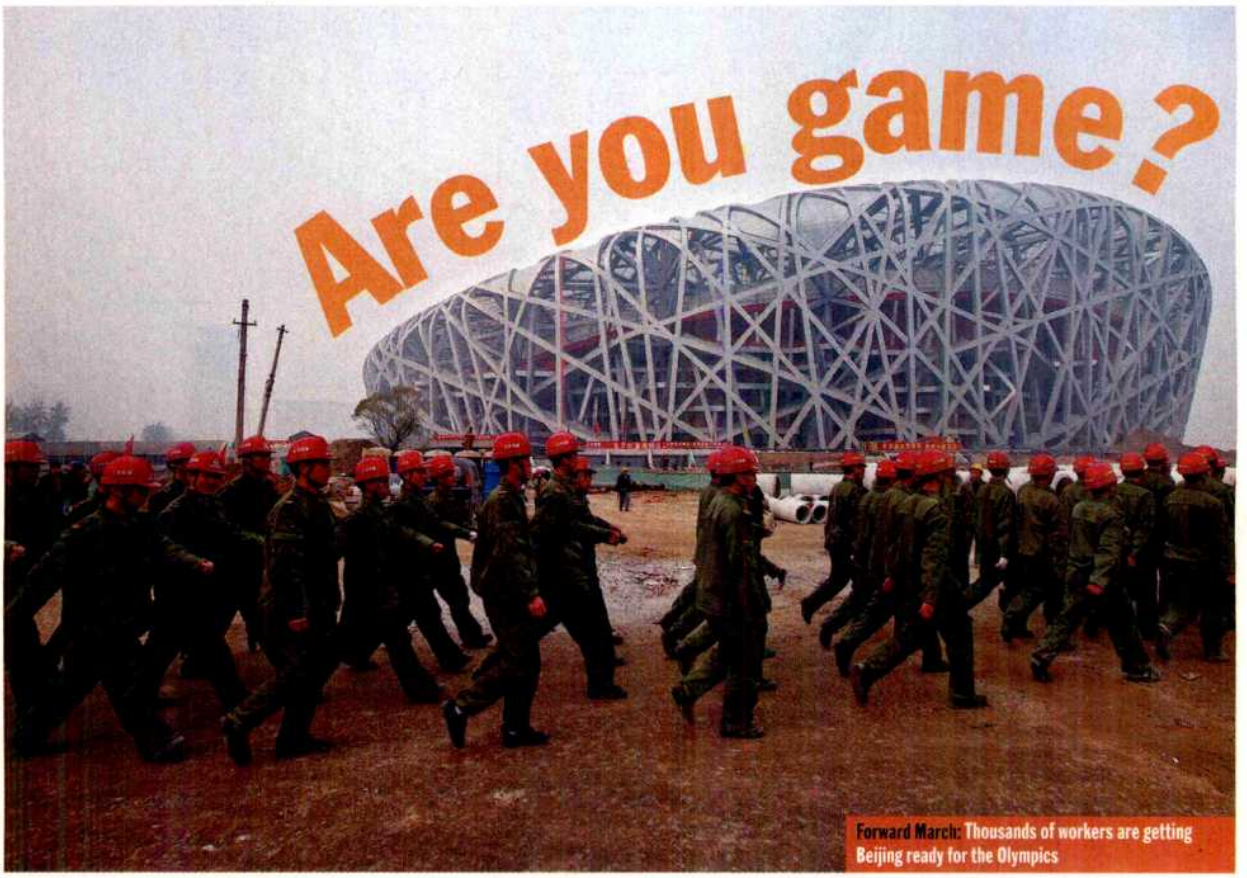


AP

Forward March: Thousands of workers are getting Beijing ready for the Olympics

Despite sharply divided world opinion, the 2008 Olympic Games promises to be the spectacle everyone has been anxiously waiting for. **By Pierre Mario Fitter**

IN 2000, Juan Antonio Samaranch, the former president of the International Olympic Committee, called the 2000 Sydney Olympics the "best games ever". Today, the 2008 games in China may make Samaranch's call a bit premature.

The 2008 Beijing Olympic Games is the event of the year. Months before it even begins, it is already one of the most talked about events in history.

It will also be the most expensive Olympics ever. At an estimated $40 billion, China is spending four times more than what Greece spent in 2004. 760,000 people have already applied as volunteers from around the world. 100,000 will be selected. The opening ceremony, which will take six months to plan, is being orchestrated by Zhang Yimou, the director of famous Chinese movies such as *House of Flying Daggers*. Steven Spielberg will 'assist'.

Back in 2001, though, things weren't as smooth for Beijing. World opinion was sharply divided after the IOC voted Beijing as the 2008 Games host.

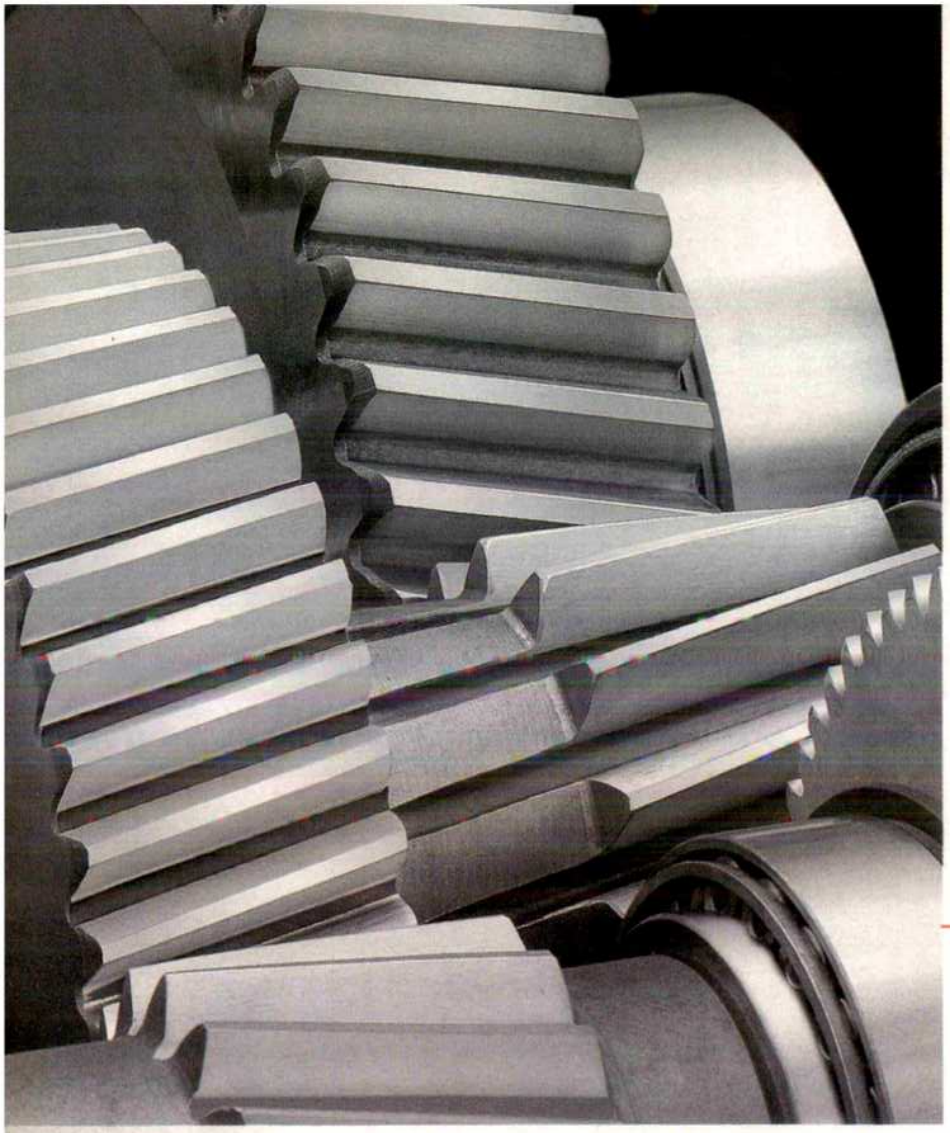
Western nations decried China's human rights record while criticising the IOC's decision. "Following Nazi Germany and the Soviet Union, Communist China will use the Olympics as a propaganda instrument to consolidate its hold on power," said Francois Loncle, then head of France's foreign affairs parliamentary committee.

The US was ambivalent. The White House said it believed that the Olympics is a non-political event but that it hoped the Games would help China improve its human rights record.

Jiang Zemin, China's President at the time, was resolute in the face of such criticism. "I hope the whole nation works hard, along with residents of the capital city to stage a successful 2008 Olympic Games," he said to a cheering crowd of 200,000 that had gathered at Tiananmen Square in central Beijing, anticipating the announcement.

SINCE Jiang's call to action, China's government has literally moved the heavens in preparation for the Games. Cloud-seeding and aggressive anti-pollution measures have given them control over Beijing's skies. As any *Beijingren* or Beijing resident will tell you, good air-quality days used to be very rare in their city. In 1998, there were only 100 of these. Today, these have more than doubled to 241.

China's government has also



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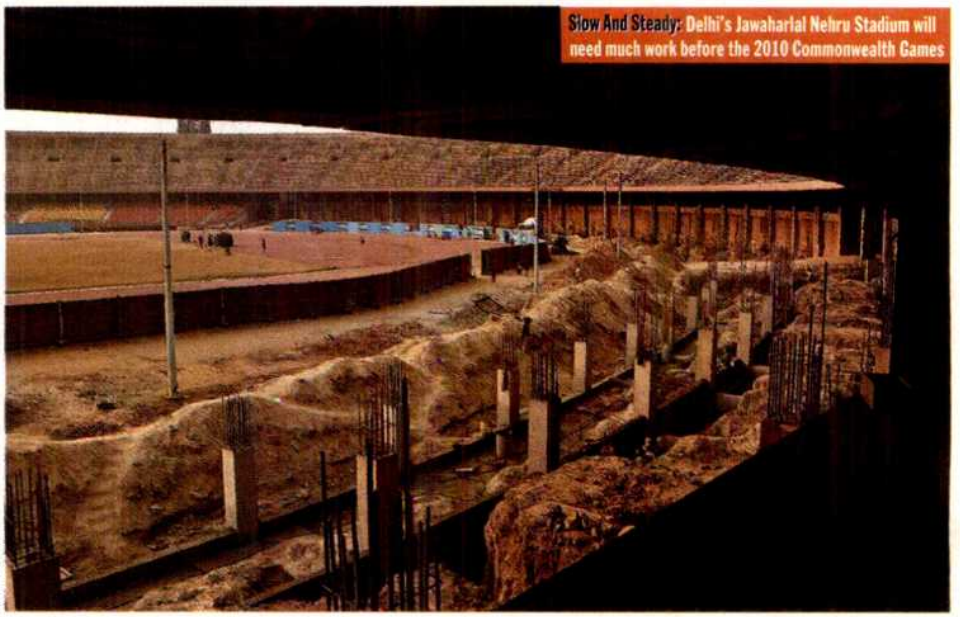

Slow And Steady: Delhi's Jawaharlal Nehru Stadium will need much work before the 2010 Commonwealth Games

AMIT VERMA

literally moved the earth. In 2006, Beijing had three subway lines. Six more will be ready before the Games. Beijing Airport's ultra-modern third terminal will also be ready by early 2008. Thirty seven state-of-the-art Games venues will be either built from scratch or completely renovated.

Heavy construction and lifting equipment is now so ubiquitous in Beijing that a running joke among expats is that the city's official bird is the 'crane'. At one time, this was also a tongue-in-cheek remark about the city's total lack of flora and fauna. Today, parks and gardens cover 42.5 per cent of the total city area.

Eight of the new sports facilities will be in universities. The country's youth will have access to these even after the games. "We have combined our preparations with the long-term development of the Chinese capital," says Sun Weide, a spokesperson for the Beijing Organizing Committee for Olympic Games (BOCOG). "After all, the organisers will only use the infrastructure for 17 days during the summer games."

EXACTLY how will it make a difference in the long-term? The latest example from Greece 2004 holds instructive lessons. The $10 billion that Greece spent on hosting the Games nearly bankrupted the country's economy. Some experts believed that it would take years before Greece could recover. By 2006, Greece's economy was already making the experts look foolish. GDP growth was up nearly 4 per cent, double the average for the European Union. The government even managed to cut its budget deficit from 6.6 per cent to a healthier 3 per cent.

Most of this was thanks to a tourist boom resulting from international exposure through the Games. The tourism industry — the largest industry in the country — now contributes to 15 per cent of the GDP. In fact, at 15 million a year, there are now 5 million more tourists in Greece than Greeks themselves!

China's economy doesn't exactly need a helping hand. Still, Sun makes it known that the Games have indeed helped China. "The Olympics has created 620,000 jobs every year since preparations began in 2001," he says. He adds that Beijing city's GDP alone has risen an average of 12.1 per cent a year for the past five years. Its citizens' per capita income is $6,300; more than double that of the average Chinese. Beijing has also seen a 30 per cent increase in overseas tourists since 2001.

INDIA hosts its own mega sports event in three years. The 2010 Commonwealth Games will not be as big as the 2008 Olympics — only 71 countries will participate against the Olympics' 203 — but it is still an opportunity for India to put its best foot forward.

The Delhi Commonwealth Games Committee has enjoyed little success so far. Suresh Kalmadi, its chairman, is unperturbed. "India has never had games of this magnitude before," he says. "We need to sit and think about everything carefully. Now, our business plan is ready." The government has given Kalmadi Rs 800 crore to put his plan in action. That is just 40 per cent more than India's annual sports budget.

Kalmadi believes it will be enough. But the one thing even he is afraid of is Delhi's lack of hotel rooms.

Anupam Yog, a founder of brand consultancy firm Mirabilis Advisory, has a suggestion. "Local Resident's Welfare Associations (RWAs) can set up bed & breakfasts (B&Bs)," he says. Yog believes that the city's RWAs can pitch in to make the Games smoother, at least for the tourists. Efforts such as B&Bs will not only help the Games itself, but the RWAs can also monetise their investments by getting tourists to spend more money.

For Kalmadi, the preparation for the Commonwealth Games is really aimed at the year 2020. That's when the 32nd Olympic Games will take place. Kalmadi wants India to play host. Bidding for the 2020 Olympics opens in 2011 — one year after the Delhi Games end. A successful 2010 Games may help prove to the IOC that Delhi can also successfully host an Olympics.

For now, Kalmadi will have to wait until August this year to see exactly what he must do to surpass China's effort. Maybe human rights protestors will swarm Beijing during the Games, grabbing more attention than the athletes. Or, maybe the Communist government's attempts at playing God with the local weather may come up against a supernatural adversary in the form of a summer sandstorm. Maybe, the Beijing spectacle will end up being a debacle. Still, one thing is for sure. You know you will be watching. ■

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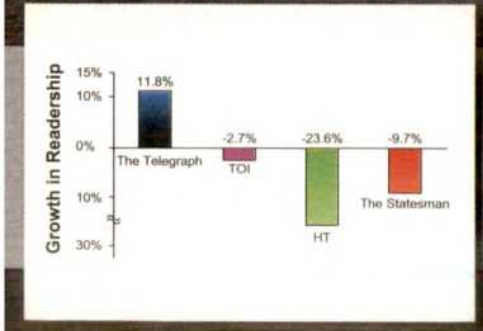

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The author is Director of Three Clothing and a leading fashion designer

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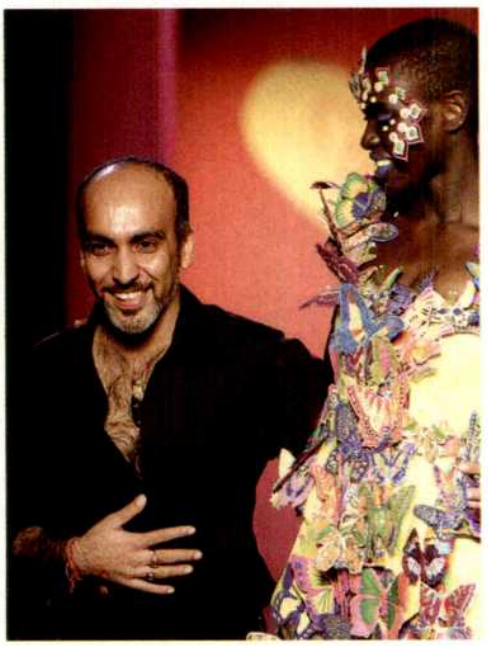

IN the coming year, the Indian fashion scene will once again look to the past for inspiration. The seventies will make a definitive comeback during the summer, and we will witness a general return of trends, especially in terms of silhouettes and designs, from the bygone eras.

My own Spring Summer 2008 collection is an ode to the 1970s disco era. Distinct styles from that particular decade, such as the bell-bottom, the high-waist look and the broad mandarin collars will be back on the fashion scene. Design elements from that time will once again be 'in'. Prints will make a reappearance on the catwalk and the style statement this time will be — the bolder, the better. The emphasis will be on geometric patterns and pop art prints that are reminiscent of the seventies. It promises to be a very colourful summer with neon shades and bold primary colours dominating the palette. Chiffons, net and cotton silk will be the fabrics of choice.

There will be a distinct shift in the latter half of the year, with a more sophisticated mood setting in for the fall. Deeper and richer colours, with a strong emphasis on earthy jewel tones and metallics, will replace the vibrant summer shades. In fabrics we will see a lot of knits, a variety of silks along with velvet. As far as design is concerned, we will move forward a decade and see the influence of 1980s on the structure and shape of the garments.

The year 2008 will also see the arrival of a number of international brands on the Indian fashion scene. This will raise the bar significantly and make the market far more extensive and competitive. Indian consumers will, for the first time, have the widest possible array of style, fashion and trends available to them on a platter. Internationally, Indian tourists account for some of the largest spenders as far as shopping is concerned. This fact, combined with the booming Indian retail scenario, has meant that a number of luxury brands now want to set up shop in the country. While this will enable those brands to have access to a large market, it will also mean an increased exposure to international fashion sensibilities for the Indian buyer.

While influential designers and people deemed to be style icons will continue to set the tone for what are going to be the fashionable trends in any given year, the role of popular culture cannot be undermined. The man or woman on the street is influenced far more by popular culture than by what is being shown on the catwalk. What needs to be understood is that couture and street fashion have a symbiotic relationship. Every designer is influenced by what they see around them and this is reflected in what they design. The couture they then create and showcase on the catwalk, trickles down to the mass produced fashion. And this way fashion becomes accessible to people across the social and economic strata of society.

With international fashion publications on the scene, we see a heightening of the trickle-down effect. These publications will play a major role in shaping the fashion tastes of the average Indian consumer. With fashion-centric programmes on the rise, television too is beginning to play a role in determining and defining fashion trends and tastes. An increase in the number of celebrities who are hiring personal stylists is also indicative of the importance of high fashion in the country. People want to look their best and they are not afraid to ask for assistance in the matter.

With all eyes on India at the moment, the fashion scene is no exception. It is getting hotter by the season and the coming year will only see it gain momentum. ■

The disco era of the seventies will make a definitive comeback during the summer

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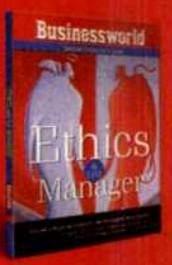

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IT IN 2008
Taming the challenges

IT industry, the flagbearer of India's technology exports, last went through trying times during the technology meltdown of 2000. While a strengthening rupee is reducing realisations per dollar, costs, particularly wages, are rising and attrition is worsening. What trends are in store for the software services industry in 2008? *BW* and HCL Technologies organised a roundtable, 'Blueprint 2008: The Indian IT Industry', to understand the challenges IT will face in the year ahead. *BW*'s Jehangir S. Pocha moderated the discussion. Excerpts:

Jehangir S. Pocha: The IT industry has done very well for itself. Initially, by accident. Then people saw an opportunity and built a business model around the circumstances and did very well. Now, the circumstances are changing. The currency value change is what people talk about the most but I think there are at least two more important things.

One, wages are changing. The second, which is slightly contrary, is that the IT industry's ambitions are also changing and that revolves around this basic idea of moving up the value chain. Of course, we have the competence. Maybe this is the time for us to go from coding, into applications, into Web 2.0, into Web applications, etc.

Do we think that we there are not Indian, we are global? That's the first thing. The second thing is, while that's the vision, there's always the mismatch between the vision and running the company, and that's where quarterly profits matter. What is it like for you to be running the business, what are the actions and the options that you have chosen in your company? If we could communicate that with details, Sudin...

Sudin Apte: Over the next 2-3 years, the robust growth would continue, but the definition of robustness would change from 40 per cent in five years to around 20 per cent over the next 2-3 years. Having said that, the reason for reduced growth is clients' growing dissatisfaction with India. Our recent surveys show at least 15 per cent dip in satisfaction. It's about not only quality but attrition, rise in costs and a whole lot of other issues. Clients are concerned about reliability.

One large client, which spends more than half a billion dollars in India every year, recently told Forrester that the only reason it comes to India is that there is no option. So, clients such as GE, Citigroup, Morgan Stanley are not going to ramp up projects as rapidly as they were doing five years ago. The 20-25 per cent growth is a misnomer; that growth is locked in the top five players. Our research shows 500-odd Nasscom members continue to struggle. In many situations, their growth is single digit.

the BW-HCL ROUNDTABLE 2008

Where is the industry heading? First, the change of equation from onsite client and offshore India to more of a distributed global delivery. The word 'offshore' will possibly become obsolete in the next 3-5 years. Global delivery is going to be the way of life where firms such as Infosys or TCS are serving wider footprint of a client but also collaborating with the competition because that's how the clients want them to work. Outcome? Two-three Indians and two-three multinationals will make it to the Nirvana of global delivery model. The other 500-odd mid-size and small IT companies in India need to choose their specialisation and the areas they can deliver value that the top five are not going to. If you see Nasscom's last year's top 20, half the companies have vanished. Six of the top 20 will get out of business in 2-3 years just because of very big offshore clients consolidating.

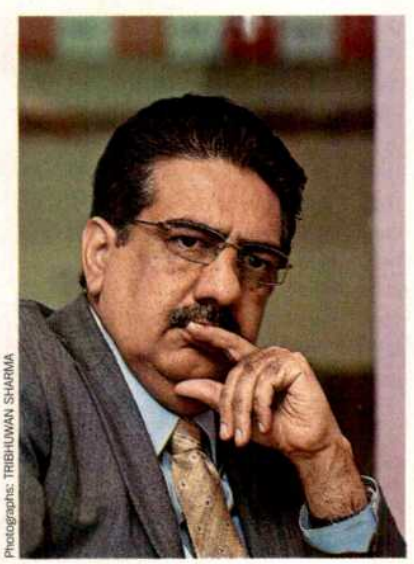
JP: Can Indian companies actually be globally competitive?

Vineet Nayar: After listening to Sudin, I get a sense that I am not from the same industry. I think the doomsday of this industry had been predicted 10 years ago and will be predicted 10 years after. Every 2 or 3 years, I hear the industry is going to collapse due to a US slowdown or cost arbitrage or government policies. For an industry that is about $40 billion with an average CAGR of 20 per cent for the past 10 years, to predict such a significant change is not feasible. I believe there is a momentum built on strong logic. Before I go there, there are two specific comments that I would like to share to put things in perspective. If you take the top 20 in any industry, you come down to irrelevant levels. So, to say that six out of top 20 will change is an alarmist statement, but it happens in all industries.

Let's go back a little. Let me make a comment on the question you asked and then move on. Fifty per cent of revenues on an average for the industry

The panellists: (L to R) Symphony Services' Ajay Kela, HCL's Vineet Nayar, *BW*'s Jehangir S. Pocha, Forrestor Research's Sudin Apte, Aviva's Abhay Johorey, Mercer's Padmaja Alaganandan and *BW*'s K. Yatish Rajawat

come from onsite, that means using people who are working onsite on competitive pay structures, and 50 per cent comes from offshore. How is this different from a car manufacturer who is building his sub-components at low-cost centres? This is not too different from assembling a car in Detroit and sending to New York. Every company today deploys bandwidth integration to access low-cost manufacturing countries. In our country and in our business, the raw material is people. Tomorrow it could be Malaysia, day after it could be somewhere else. That global integration is nothing unique to the software services industry; we are not unique in leveraging India. This is how Korea and Japan came in, this is how China is coming into manufacturing and this is how India has come in! Therefore, I would not say that India is not paying competitive salaries. So, India doesn't belong to Indians. India belongs to whoever wants to leverage India, which is true for the rest of the world.



Photographs: TRIBHUWAN SHARMA

JP: We keep hearing that the middle layer is getting squeezed.

Ajay Kela: I don't see a squeeze at all,

Vineet Nayar, chief executive officer, HCL Technologies

which is a good thing. I'm not as optimistic as Vineet and, sorry Sudin, I'm not as pessimistic as you. I'd like to see 2008 in the context of some trends. The first trend I see is that, starting 2008 is where you will begin to see the explosion of globalisation. Let's look back four years; there has been a massive hug in the IT industry driven by Y2K, driven by the dot-com bust, especially for the high-value, high-end companies. That big hug has made the IT industry pregnant and I think it is only half-pregnant. It is in its first trimester of pregnancy.

So, if I look ahead, the penetration that we have seen in our customer base is only 10 per cent. The best-of-breed of our customer base — such as Oracle — have 20,000 people in the country already. Other clients cannot survive unless they get to similar numbers. So, the explosion will start to happen now. The explosion will create new challenges. I also think what is happening in the industry due to the US slowdown is going to accelerate this explosion further.

Padmaja Alaganandan, business leader of human capital consulting, Mercer Consulting, South Asia

Ajay Kale, MD & COO, Symphony Services

Sudin Apte, country head-India, Forrestor Research

Abhay Johorey, director of transformation & service and COO, Aviva India

I also believe that the Indian IT industry today is not efficient. And this rupee appreciation and shortage of talent will force them to the next level of efficiency, which is good news.

JP: Each one of you is talking about moving up the value chain, so then, which country will do the low-end jobs?

Abhay Johorey: When larger firms talk about moving up the value chain, there is an assumption that they will do it in addition to continuing ADM work. So work is not going to go away from anywhere. They want to grow and then the whole composition of the high-end work is growing. We have to also distinguish between output-based pricing and outcome-based pricing. Output based pricing has more to do with productivity and service levels, and outcome-based pricing is about a business outcome of the product or business that you are helping. I think output-based pricing has made good inroads. For outcome-based pricing, these are still early days. I think no one is making more than 5-10 per cent of revenues out of outcome-based pricing. But the good news is everyone — the supplier side and the client side — is trying out a few things. In some verticals, the pressure on R&D dollars is very high, whether it is semiconductors or software. Obviously, they are looking for someone to share or mitigate their risk in product development, which is a good sign.

K. Yatish Rajawat: The inefficiency that Vineet and Ajay are talking about is largely people's business, so what kind of inefficiency do you see in corporates and will that become a major theme in 2008 from a people's point of view?

Padmaja Alaganandan: In 2008, it is going to be very important for the industry to take a good hard look at defining some kind of an employer value proposition. The reason is that IT is not necessarily the only preferred workplace. There are other industries that have higher rates of growth, be it financial services, retail, hi-tech or telecom.

So, one of the key things to address for companies will be to define how they are different and communicate the same not just to current employees but to potential employees as well. That is going to be very crucial going forward.

Second, I think the whole aspect of skill has to be built up. You have people expected to lead and build teams, who may not have the skills, competence or experience necessary and that to some extent could be leading to some of the inefficiencies. And the third aspect, which is directly related to margins and bottom line, is going to be compensation, segmentation and differentiation. That means looking at the workforce dividing into different segments on the basis of their importance and devising different compensation for those segments. While providing for some kind of attrition in less important segments, it is not necessary to pay the best across all segments.

AJ: Another focus area is training and the other is a lot of verification of what the guy has been trained for. Currently, there is this one time training but the employee has to show his skill again and again. Do that periodically because you train him for a whole host of things and the young kids didn't demonstrate their capability because they didn't get a chance to demonstrate it. And all that stuff is lost because it is like a half life, a half life of what we want to do through training. So, you've got to have periodicity in training and certification of skills. ■

Read full text of the roundtable on www.businessworld.in, *including: the risk in attracting talent; inefficiencies in IT companies; will US elections affect us; and can domestic market save the industry*

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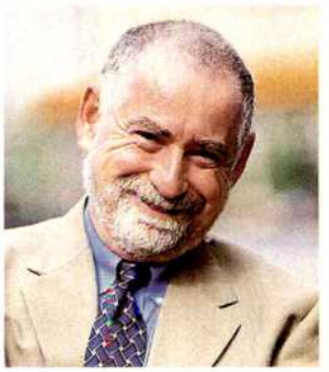
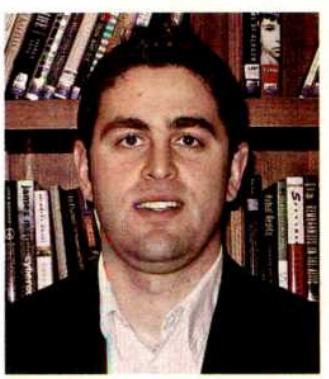
Peter Schwartz is co-founder and chairman of Global Business Network, a subsidiary of the Monitor Group. Michael Costigan also works with Global Business Network

Ideas of India





THE point about zero is that we do not need to use it in the operations of daily life. No one goes out to buy zero fish. It is in a way the most civilised of all the cardinals, and its use is only forced on us by the needs of cultivated modes of thought." These words from Alfred North Whitehead, an early 20th century English mathematician, refer to the creation of the Indian numerals — an intellectual leap of global importance.

The example of Indian numerals is merely indicative of the crucial and historically under-appreciated role that the Indian subcontinent and its peoples have played in the creation and development of some of humanity's most powerful ideas. While many of the mathematical and astronomical advances of the classical period filtered back into Western thinking in areas like geometry, trigonometry and astronomy, the equally astonishing developments of the Kerala School probably remained unknown outside India in the 19th century. Even as the scholarship of Joseph Needham has opened Western eyes to the history of Chinese scientific thinking, the important Indian contributions remain largely unheralded. But it is to these traditions that India must now look as it seeks to recover its key role as a generator of powerful ideas.

The ideologically-driven economic policies that condemned India to decades of a paltry "Hindu rate of growth" were junked in the early 1990s, replaced by a new pragmatism that has helped lift at least 15 per cent of India's population out of poverty. Unlike China — which together with India now accounts for more than half of world GDP growth — India's economic expansion and exports owe less to traditional industrialisation and more to internationally traded services, such as outsourcing and software, which now account for at least a quarter of growth. There is, of course, a certain consistent logic to the fact that in technologies based squarely on combinations of ones and zeros, India now boasts internationally competitive clusters, such as Bangalore, and that Indian companies like Tata and Infosys occupy world-leading positions.

India has reason to be proud of its recent progress and can look to a future as an economic and political heavyweight on the global stage. However no one can doubt the scale of the challenges that it faces. Observers, such as *The Economist*, rightly point out that India has much to gain from the adoption and assimilation on a wider scale of those innovations and technologies that already exist within and beyond its borders, but, in taking the longer view, we would go further. Three key challenges facing India are how it manages the ecological and environmental footprint of its burgeoning population; the governance challenge posed by her enormous size and diversity; and the challenge to maintain and broaden the current economic growth.

Management of ecosystems: The Indian subcontinent is crowded — 18 per cent of the world's population is crammed into only 2 per cent of its landmass. Waves of migration from rural to urban areas — Delhi officials recently estimate that half a million people arrive every year on the city's streets — compound the problem, emptying fields and expanding urban slums. The economic growth that is required to continue lifting Indians out of poverty will only increase the demands on India's scarce resources.

India has only 4 per cent of the world's freshwater supplies and these are being steadily depleted through mismanagement and waste. Unless water resources are better conserved and used more efficiently, the IPCC has warned, the Ganges, Brahmaputra and Indus could be reduced to seasonal rivers by 2035.

Governance: Indians are rightly proud of their achievement in constructing and

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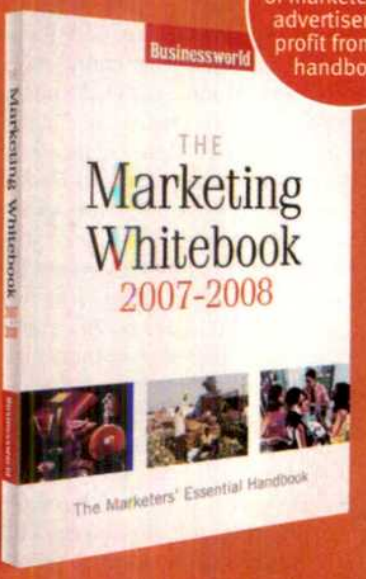

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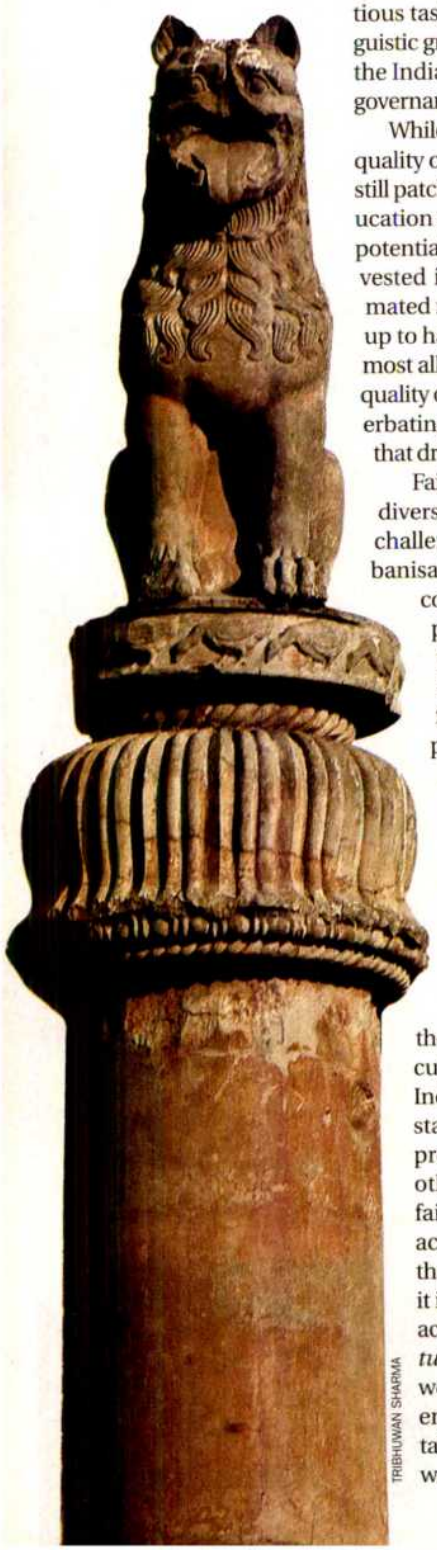
If great ideas are the key drivers of human progress, then India has fantastic potential to be at the forefront of the future



TRIBHUWAN SHARMA

maintaining the world's largest democracy, where many other post-colonial states have failed. The vision of the founding fathers — particularly Nehru and Patel, who aimed to make India's diversity a strength by embracing pluralism and creating a secular national identity — is to be celebrated. However, that was always an ambitious task in a country with 17 or 18 major linguistic groups and at least 5 major religions, and the Indian state has not always lived up to that governance challenge.

While economic policies have improved, the quality of both national and state governance is still patchy. Dysfunctional infrastructure and education syetem prevent India from reaching its potential: only 5 per cent of GDP is currently invested in infrastructure, compared with estimated requirements of 11-12.5 per cent, while up to half of the population is illiterate and almost all lack technical or higher education. The quality of state governments varies widely, exacerbating geographic disparities of opportunity that drive migration to its largest cities.

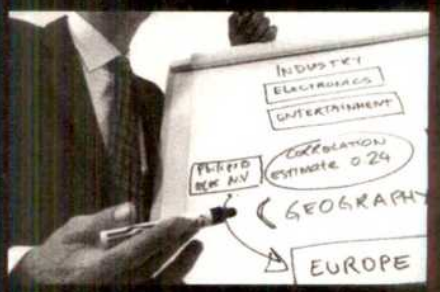
Failure to improve the governance of such a diverse population could create even graver challenges. Rapid economic growth and urbanisation that creates "winners and losers," coupled with the failure of government to provide basic services, could create the preconditions for extremist movements that threaten the very concept of a unified India. If the challenges are great, the prize for an India that rises to the challenge and creates a functioning model of democratic and pluralistic governance is greater still. As well as improving its people's lives, a successfully governed India could provide a democratic alternative to the centralised Chinese growth model that is attracting admirers across the continent.

Economic development: Solving the development conundrum for the agricultural countryside where 60 per cent of India's population still lives, better understanding the role that markets can play in providing education, health, utilities, and other services where government has failed, and channeling the philanthropic activities of India's newly rich are all areas that demand fresh thinking. In this context it is worth comemnting on the remarkable achievements of non-resident Indians. *Fortune* magazine recently estimated the wealth generated by Indian Silicon Valley entrepreneurs at around $250 billion. It takes little imagination to expect that their wealth, ideas and energy can usefully be brought to bear on the challenges facing their homeland. The size of the task is great but India can take concrete steps in at least two areas.

Education: Firstly, India needs to dramatically expand and improve the quality of its education system at all levels. Basic literacy can and should be massively improved across all age groups, but it is the education of India's young that will determine whether its much cited 'demographic dividend' — 71 million young people entering the labour force over the next five years — will be realised. State control of education systems may need to be examined to improve standards of primary, secondary and vocational education across the country. Ninety-seven per cent of India's labour force lacks any technical or higher education qualifications, according to Soumen Basu, chairman of Manpower Services India. Although India's third-level system is the largest in the world and has a few genuinely world-class institutions, it was described as of "suspect quality" at a recent conference by Ashok Misra, Director of IIT Mumbai (one of those few world-class institutions).

Intellectual property: Indian policymakers must recognise that the ideas required to help India face its key challenges will struggle to develop in an environment in which they are not valued or nurtured — this can only happen if intellectual property (IP) is properly respected. As a developing economy and consumer of IP, India has traditionally treated IP protection as a "necessary evil", arguing in the WTO for a two-tier system allowing developing countries a less restrictive and cheaper approach to using IP. In recent years, as India has begun to switch from being a user to a producer of IP (in software etc.), the governmental and judicial attitude towards IP protection has shifted. Recent legislation that brings India into compliance with its WTO obligations and protects Indian geographical indications such as Kashmir Pashmina and Darjeeling tea, is symbolic of India's move away from its earlier stance.

If great ideas are the key drivers of human progress, then India has fantastic potential to be at the forefront of the future. A continent of over a billion educated minds is the greatest resource to meet the enormous challenges of sustainable development, ending poverty, achieving equity, and managing diversity. Creating that potential through educating all the people is the most urgent. Enabling that potential to be fulfilled by building the institutions, infrastructure and practices of a modern information society will be an enduring need. On that strong foundation, thousands of years of Indian history argue that India will once again become a leader in the realm of ideas that matter. ■



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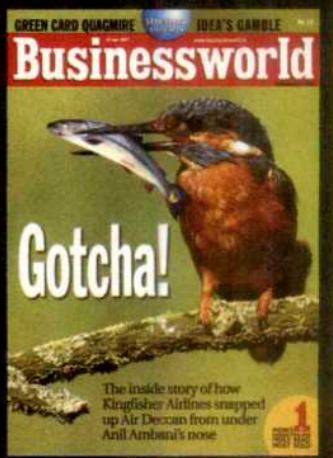

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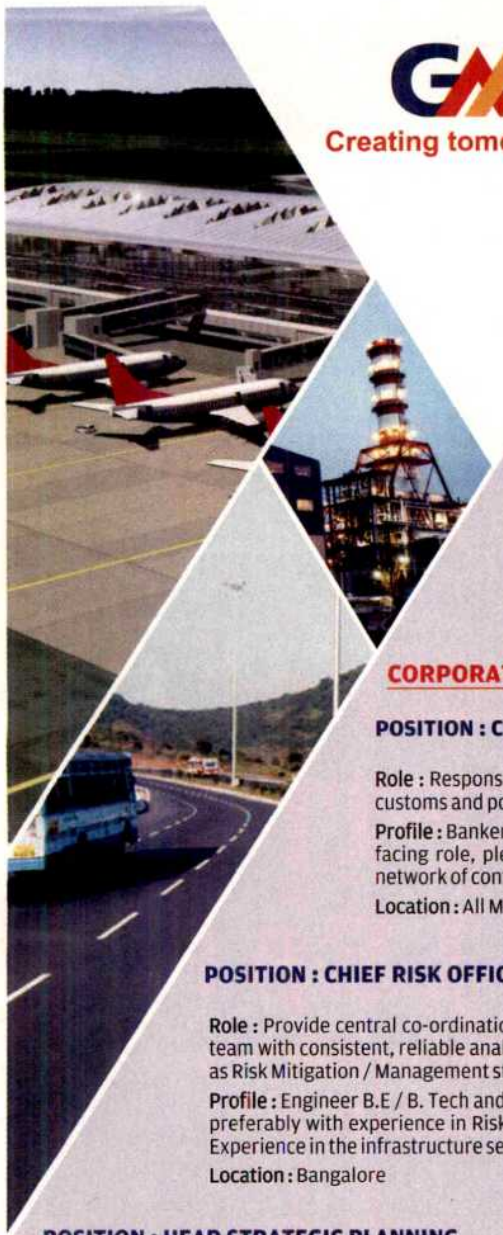

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Location : Delhi & Hyderabad

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Profile : Civil Engineering with an MBA Degree with minimum 20 years of experience in Property development.

Location : Delhi & Hyderabad

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POSITION : HEAD - BUSINESS DEVELOPMENT

Job Code : R-BD001

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Location : Bangalore

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Location : Bangalore

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Job Code : R-PM001

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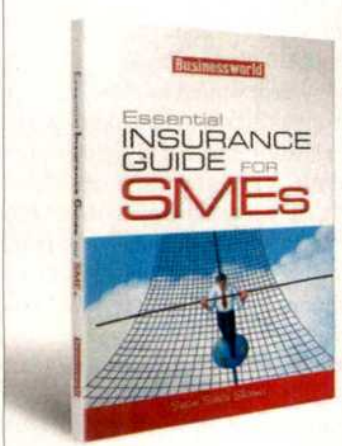

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Bates Enterprise 1066

William Pesek is the Asia-Pacific columnist for Bloomberg News.

Asia's 2007 roll of honour

YOU would expect a year marking the 10th anniversary of the Asian crisis to be hectic, and 2007 didn't disappoint. Coup attempts, subprime fallout, terrorist attacks, volatile stocks, elections, you name it. Yet the biggest news wasn't a singular event; it was a shift in Asia's role in global markets. As the dollar lost its footing, currencies such as the Thai baht surged 18 per cent and the Indian rupee jumped 15 per cent. And, as the US's clout waned, China blanketed the globe, making new friends and ignoring Treasury Secretary Henry Paulson's demands to revalue the yuan.

The real shift is about purse strings. A decade ago, Asia's financial meltdown forced governments to allow western investors to buy assets at very low prices. Now, it's Wall Street's turn.

As 2007 draws to a close, some awards seem in order for the countries and people that helped shape Asia's year. Drum roll, please.

'Money Talks' Award: To Asian and Arab governments awash in riches from rising currency reserves and oil prices. Two years ago, Dubai couldn't buy US ports because of "national security risks". You'd think a nation losing control of its financial infrastructure is at least as big a risk as a couple of ports. But with credit markets reeling, it's hard for Citigroup to decline a multibillion-dollar lifeline from Abu Dhabi Investment Authority. Expect such deals to come under greater scrutiny in 2008.

'Greetings Earthlings' Award: To Japan's government spokesman, Nobutaka Machimura, who last week thrilled science fiction fans by stating that he "definitely" believes UFOs exist.

'Bulldozer' Award: To Lee Myung Bak, who won last week's election in South Korea. Neither corruption allegations nor record-low voters kept Lee from his goal of becoming Korea's first president from a corporate background. With so much red-tape through which to bulldoze, Lee shouldn't expect much of a honeymoon.

'Never Mind' Award: To Bank of Japan Governor Toshihiko Fukui, who for nearly five years threatened to raise interest rates amid daily predictions that deflation had been defeated. Just a few years ago, Fukui was toasted by financial magazines as the world's best central banker, even better than Federal Reserve Chairman Alan Greenspan. On second thought, given the subprime mess Greenspan let fester, perhaps Fukui isn't looking so bad after all.

'Howard's End' Award: To Kevin Rudd, Australia's new prime minister who is the talk of political circles after ending John Howard's 10-year-plus reign. Rudd immediately signed the Kyoto Protocol, simultaneously putting Australia at the forefront of combating climate change and isolating the US President. In a year of tepid political leadership, Rudd shone brightly.

'Toxic Shock' Award: To China, which triggered a global search for goods not made within its borders. How devastating 2007 was for the world's factory floor was summed in a cartoon. In it, a boy sitting on Santa's lap says, "I want toys that aren't toxic and aren't made by little kids in Asian sweatshops." Santa replies: "Wow! You REALLY believe in Santa Claus!"

'Teflon' Award: Shared by President Pervez Musharraf of Pakistan and President Gloria Arroyo of the Philippines, for clinging to power amid continued efforts to oust them. Those looking for the secret to staying in power should put down their Winston Churchill and Franklin Delano Roosevelt histories. Musharraf and Arroyo seem to be writing the definitive book on the issue as we speak.

'Defying Gravity' Award: To Asia's equity markets, which had yet another stellar year. While China's stock bubble got most of the focus — double digit gains were widespread, as of 21 December, shares in Australia, Bangladesh, Hong Kong, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Singapore, Thailand and Vietnam were up 20 per cent or more. With Asian currencies set to rise further, 2008 could be another solid year for the region's equities. ■

A decade since the Asian financial crisis, the world witnesses a shift in purse strings

(C) 2007 Bloomberg

CIO PERSPECTIVE: BAJAJ ALLIANZ

Escalating the growth plan

Shailendra Nair
Head IT Systems & Infrastructure,
Bajaj Allianz Life Insurance Company Ltd., Pune

When a company is on its growth plane, it often looks for changes and implementation to aid its expansion process. Bajaj Allianz Life Insurance Company Ltd, a leading private sector life insurance company was facing a similar challenge. The company, a merger of Allianz SE, one of the world's largest Life Insurance companies and Bajaj Auto, one of the biggest two and three wheeler manufacturer in the world, was looking for a high quality support for its IT infrastructure, within the same location and that too at a cost-effective rate.

The Challenges

Since Bajaj Allianz was on the path of steep growth, this led to greater demands on revamping their IT infrastructure. "We wanted to enhance our IT capability rapidly within the given constraints of the existing space at the same location," says Mr Shailendra Nair, Head IT Systems & Infrastructure, Bajaj Allianz Life Insurance Company Ltd. "Installation of high end servers meant provisioning of mammoth power and cooling facilities. This posed a major challenge with the existing technology."

> **We are now able to synthesise power, cooling and computing requirements within the available space**

Hence, keeping in mind the focus to match business requirements, the aim of the company was to overcome constraints of infrastructure and thus enhance their IT capabilities.

The Criteria

The requirement of the company was two-fold. On the one hand, there was an emphasis on quality and on the other, it did not want to add to its cost by shifting base. "Our qualitative requirement was to have a product that would meet our computing requirements with adequate power supply and cooling arrangements that could be installed within the confined area. It was also important to have an efficient and cost-effective infrastructure and simultaneously provide good after-sales support," remarks Mr Shailendra on the requirements of the company.

The Solution

The answer to this problem was APC's ISX range of infrastructure solution. This is an easy-to-implement availability solution for small to mid-sized data centres and new higher density IT equipment for IP telephony and storage applications. This infrastructure gave Bajaj Allianz the option to pack in more power and efficiency in the given setup. The APC solution was scalable and moreover, even the design element was appropriate for the setup, as it gave the company enough flexibility to install higher capacity power and cooling systems in the same area without any major modification. Mr Shailendra is more than happy and in fact all praises for the solution offered. He remarks, "APC has provided our company a holistic solution to overcome our computing infrastructure-related drawbacks. They have not only provided us with a world-class product to meet our needs in totality but have also drawn up a detailed project report, which outlines design solutions customised to our specifications. APC's expertise was also made available to us in the execution and successful implementation of our IT Infrastructure augmentation project. Thanks to APC, we are now able to synthesise power, cooling and computing requirements within the available space."

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BROWSING

Pantulu Avasarala

Director
Cincom Systems India

I am reading **GAMES INDIANS PLAY: WHY WE ARE THE WAY WE ARE** by **V. RAGHUNATHAN**. The book offers interesting insight into our behaviour by applying game theory and behavioral economics.

I usually tend to read books on management and human behaviour. Books on culture also interest me.

I tend to buy books based on reviews, referrals and browsing through book stores. I spend a considerable amount of time in bookstores and often stumble upon interesting titles. Landmark is my favourite bookstore in India, and Barnes and Noble in the US. ■

ALERT

THE ECONOMY OF INDIA
Global Challenges for the Century

By Jean-Joseph Boillot (Gyan Publishing House)

Economist Jean-Joseph Boillot has moved his attention away from Europe and towards India to understand both its internal economic structures as well as external challenges. His main question: Will the acceleration of India's economic growth and a more offensive stance on globalisation translate into the emergence of a new economic superpower alongside China? The answer to this question, the author argues, could well reveal the future of the world economy. ■

Not really

K. YATISH RAJAWAT

WHILE researching for his novel *In Cold Blood*, a non-fictional account of the murder of a family of four in rural Kansas, Truman Capote befriended one of the men indicted for the crime. Capote claimed that his reportage created the genre of non-fiction novel. Ignacio Ramonet, editor of left-leaning *Le Monde Diplomatique* brings us a book-length interview in the form of a non-fiction novel. Ramonet spent hundreds of hours with Cuban leader Fidel Castro to put this book-length interview together. The book, *My Life*, Ignacio Ramonet claims, is the first time that Castro has agreed to participate in an official biography. In the late 1990s, Castro co-authored another biography of his called *Fidel Castro — My early years*, which is a much better book than this one, but covers his life only up to college.

Not only did Castro answer each of Ramonet's question, but also spent hours "correcting" the manuscript after the interview. However, unfortunately, the format of an interview as a biography does not really serve the reader well. While it records everything that Castro wants to say, and has hundreds of questions and answers spread over more than 620 pages, it is a tedious read.

A biography is interesting only because it gives a voyeuristic view into someone's life. If that person is as iconic and legendary as Castro — who has met almost every important world leader during his regime — it can be a very fascinating read. But while Castro is an interesting raconteur, particularly when answering questions on guerilla warfare, battle scenes or even other leaders, he does not reveal his private life or personality to the reader entirely. To that extent, this is a

REVIEW

MY LIFE

By Fidel Castro with Ignacio Ramonet

Penguin Allen Lane

Pages: 724
Price: $39.00

SELECTION

A strong reminder

THE re-election of Narendra Modi in Gujarat and the media reports on Jasbir Singh's decision to depose against Jagdish Tytler have once again refreshed our memories of the 2002 Gujarat riots and the 1984 anti-Sikh riots, respectively. On both occasions, not only did the State fail to protect its citizens but it was, in fact, a willing and active participant in what were calculated and deliberate attacks on minority communities.

As a young Sikh girl living in Delhi in 1984, the author, Jyoti Grewal weaves together personal and familial experiences to create a powerful narrative, which recounts the events and the fear, anger, fortitude and the sense of abandonment and betrayal that surrounded them. Twenty-three years have passed but the State has done little more than offer a verbal apology to the Sikh community.

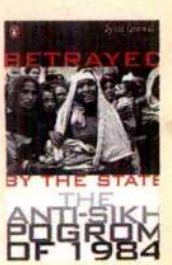
BETRAYED BY THE STATE

The Anti-Sikh Pogrom of 1984

By Jyoti Grewal

Penguin

Pages: 223
Price: Rs 275



an insider's tale

FIDEL ALEJANDRO CASTRO RUZ, is the President of Cuba. After commanding the revolution that overthrew Fulgencio Batista in 1959, he held the title of Prime Minister until 1976, when he became president of the Council of Ministers. He also holds the supreme military rank of Comandante in the Cuban military.

IGNACIO RAMONET, is a specialist in geopolitics and economics. He is the long-time editor of the French magazine *Le Monde Diplomatique*, one of the founders of ATTAC international and a key player in organising the first World Social Forum in Porto Alegre.

wasted effort because it is unlikely that another writer will ever get the same access to Castro that Ramonet got.

With Ramonet not shying away from eulogising him, the book is full of what Castro would want history to remember. While most biographers admit to being obsessed with their subjects, they rarely acknowledge being a fan. A biography's value is lost if the writer is too much in awe, as then there is no incisive analysis. While Ramonet does ask some tough questions, he is never critical of the answers. Castro's private life is as interesting as his public one — he has children from three marriages and has had at least one known mistress. One of his daughters is a strident opponent of his policies and regime. But none of this is mentioned the book.

The first 50 pages concentrate on Castro's childhood and his ascent to leadership. A whole chapter is devoted to Che Guevera, which while interesting for Che enthusiasts, is repetitive if one has read the memoirs written by Castro on his revolutionary partner.

Eighty-one-year-old Castro's impressive physique has deteriorated over the past couple of years. Though Ramonet keeps stressing on his strong work ethic and long work hours, age is bound to have taken a toll on Castro's mental prowess. While Castro has delegated a fair amount of his responsibilities as the Head of State to his brother Raul, he has not completely retired. So it is interesting when Castro answers the question about his main concerns as Head of State. "Today, our attention is focused on the fight against terrorism, the fight against espionage...country is concerned with the international financial crisis, the problems of oil," says Castro. "The country is focused on the battles, over there in Geneva, in the UN Human Rights Commission, where the entire world is aware of the show that takes place year after year, the lies and calumnies that are spread about us."

Even when he talks about the challenges Cuba faces, Castro's combative nature and language are still those of a rebel and a fighter. At this late stage in life, he is still concerned about the external world and not internal problems.

A substantial part of the book allows Castro to expand on his tirade against the US, only the last 50 pages are devoted to Cuba's relations with Spain, France and Latin America. This is interesting as Castro is revered in several countries in Latin America. Hugo Chavez makes no bones about his admiration for Castro, and has often invoked his name to bolster his leadership in Venezuela. Chavez, a former colonel, also wears his army uniform like Castro who wears his olive green uniform without any rank or insignia.

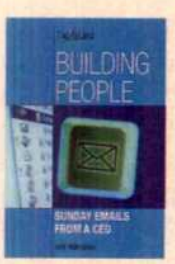
It is only the subject that makes the book interesting. The biggest lament is the sheer waste of Ramonet's complete access to Castro. What a book this could have been only if a writer of Capote's ilk had been given such an access to the Cuban leader. ■

A professor of social and behavioural sciences at Zayed University in Dubai, Grewal spent more than two years conducting interviews that form the basis of the book. The result is a telling narrative that provides a snapshot of the psyche of the people who felt the full impact of the violence. But despite the author's attempts to situate the 1984 riots within the context of the larger Sikh history, questions such as why the event happened and why it was not prevented still remain unanswered.

Betrayed is a stark reminder of the fact that if the State and the civil society collectively fail to address the subterranean sectarian tensions, there will be frequent and violent eruptions that will leave the nation forever wounded. ■

SUMATI NAGRATH

From a CEO, with love



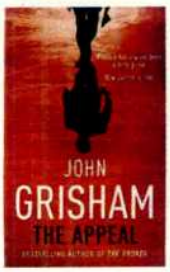
A STRONG believer in the importance of internal communication, Liew Mun Leong, the group president and CEO of CapitaLand, Southeast Asia's largest listed real estate company writes "rather informal 'story-telling' emails" to his staff in addition to staff meetings and lunch sessions. *Building People — Sunday emails from a CEO*, is a thematic collection of these very emails of Mun Leong. These emails have been written "on Sunday afternoons" and recount "some private thoughts or interesting recent encounters" with the purpose of bringing his staff closer to him "mentally and emotionally". This, the author feels, makes for effective leadership. He shares his thoughts on topics that range from customer care, to corporate social responsibility, to cultural sensitivity, to travel anecdotes.

While some of the emails are articulate and insightful there are others which ramble. But do his staff and others on the board read Mun Leong's emails? Do they read them only because they come from the CEO or because they actually find them interesting and useful? Do they write back? Has his little experiment worked? This we are not told. ■

SN

2008's must reads

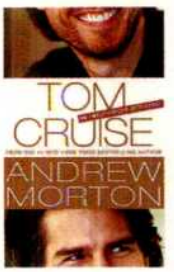
If sociologists are to be believed, we are slowly turning into a nation of bookworms. But the new year is upon us with the promise of more compelling reads. So donate some of the older books to charity and make space for new ones. With hundreds of new titles due to hit the market in 2008, finding 'just the right book' can be quite a task. Here are some recommendations to get you started:



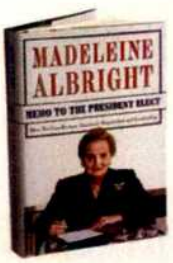
THE APPEAL By John Grisham, *Doubleday,* Pages: 368, Price: £18.99, Out in: January 2008

AFTER deviating from the norm with the not-so-successful *Playing for Pizza*, John Grisham is back to doing what he does best — writing legal thrillers. *The Appeal* is about how the owner of a chemical company, accused of dumping toxic waste into a small town's water supply, goes about getting a candidate of his choice nominated to the Mississippi Supreme Court. Full of the usual deceit and conspiracy, the book is classic Grisham.

TOM CRUISE By Andrew Morton, *St. Martin's Press,* Pages: 352, Price: $25.95, Out in: January 2008



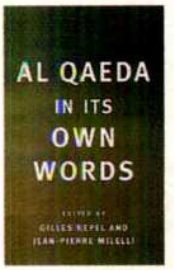
THE serial biographer is back, again. After bringing never-seen-before aspects of Princess Diana and Monica Lewinsky to public attention, Andrew Morton has now turned his attention to one of the world's most well-known celebrities — Tom Cruise. Beyond the failed marriage with actress Nicole Kidman and his precarious love life, what do we really know about Cruise's life? Pick up Morton's latest to find out.



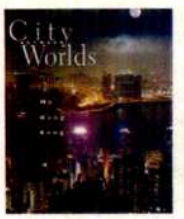
MEMO TO THE PRESIDENT ELECT By Madeleine Albright *HarperCollins,* Pages: 336; Price: $26.95, Out in: January 2008

WITH Presidential elections in the offing, all eyes are on the US and there is no shortage of rhetoric, advice or speculation. Amidst this cacophony, former Secretary of State, Madeleine Albright's voice rings clear to offer a wide-ranging set of recommendations to the prospective winner of the 2008 Presidential election. Albright outlines the major world conflicts that will dominate White House policy discussions and explains how to select a first-rate foreign policy team to address them.

AL QAEDA IN ITS OWN WORDS Edited by Gilles Kepel and Jean-Pierre Milelli; *Belknap Press,* Pages: 368, Price: $27.95, Out in: April 2008



DESPITE all the political and popular attention that it has received in the last six years, Al Qaeda's essential worldview still remains largely unexplained. Written statements and television appearances by its leaders provide an occasional glimpse. This book is an incisive insight into the intellectual and discursive world of Al Qaeda that might just survive the lifetime of its present leadership. To reveal its inner workings, Gilles Kepel and his collaborators have collected and annotated key texts of the major figures from whom the movement has drawn its beliefs — Azzabdallah Azzam, Ayman al-Zawahiri, Osama Bin Laden, and Abu Musab al-Zarqawi.



CITY BETWEEN WORLDS

By Leo Ou-fan Lee

Belknap Press

Pages: 332

Price: $29.95

Out in: April 2008

A DECADE after it was handed back by the British to the Chinese, Hong Kong continues to occupy a unique space where China and the West appear to come together rather seamlessly. In this book, Leo Ou-fan Lee goes in search of the 'real' Hong Kong and reveals a remarkable city and its multiple identities — the indigenous, the colonial, the modern. A must read for anyone planning to visit and explore this multifaceted city.

LEGION

By Dan Abnett

Black Library

Pages: 416

Price: $7.99

Out in: March 2008

LATEST in the Horus Heresy series, *Legion* should be on the list of every science fiction fan. Dan Abnett returns to the rather Gothic future to tell the tale of an impending Great War, one that could easily spell the end of man. Will the Space Marines of the Alpha Legion support the Imperial Army in a pacification campaign against strange and uncanny forces?

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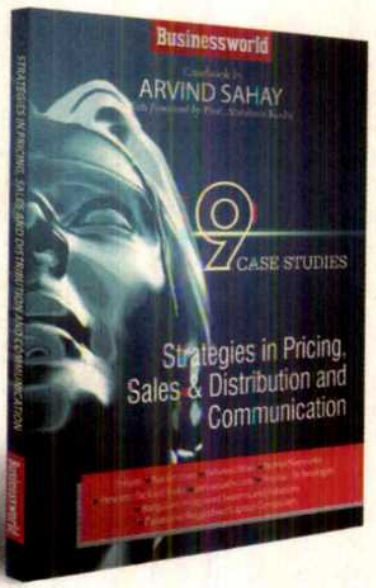

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The new geography

THE end of the year is an opportunity to ask a question that has been asked at the end of each of the past three years: will the high growth be sustained over the New Year? It is a question that would engage the government as well, in view of the fact that the general elections are getting ever closer, and may well have to be held in 2008. Not surprisingly, therefore, it was taken up in the finance ministry's Mid-term Review. The answer it gave was not definitive, but was no less interesting for that.

According to the anonymous economist who wrote the Review, the economy entered a phase of high growth following the reforms of the early 1990s. This is a surprising view. For many years after the reforms, there was a succession of articles from economists of the left that the reforms had been bad for growth – that growth had been lower in the 1990s, after the reforms, than it had been in the 1980s before the reforms. It was *de rigueur* in this line of argument to ignore all other factors than reforms. In particular, the preachers of disaster ignored the special conditions that had raised the growth rate in the 1980s, especially the coming into production of Bombay High, which transformed India's energy economy and the balance of payments, the sudden rise in agricultural growth rate and the delicensing of large industrial investments up to Rs 1,000 crore. The impact of these stimuli ended just about as the 1990s began. Import dependence for oil resumed, agricultural growth fell back to its long-term average, and industrial growth raised imports to an unsustainable level.

The Mid-Term Review does not go into the figures and so will not convince sceptics. But it takes the view that the reforms led to a structural break in the growth rate, and were followed by a cycle. Imports of capital goods and industrial inputs were liberalised before those of consumer goods. This led a boom in the early 1990s, led by consumer goods. Consumer goods imports were liberalised from 1997 onwards, just as the new capacity came into production; this caused a slump. But the downturn was only temporary, for the economy was on a rising growth path, which was resumed after 2003. Now the trend rate of growth is supposed to be rising from 8-8.5 per cent to 8.5-9.5 per cent. As growth accelerates, it is running into sectoral bottlenecks.

In particular, two sectors – agricultural and real estate – present bottlenecks; and the balance of payments presents a delicate problem of policy mix – how much of currency appreciation to have and how much of reserve buildup and sterilisation. The practicable mix depends on the flexibility of the labour market: the more easily labour flows from industries adversely affected by appreciation to growing industries, the greater the affordable appreciation, which raises GDP by making imports cheaper. After this perceptive analysis, the Review retreats into platitudes.

This view perhaps explains the government's sudden interest in handing over its Indian Technical Institutes to the private sector and in persuading it to start more. The government sees the problem of labour market inflexibility as soluble by retraining. At an elementary level this is true. But surely, the training will be required where labour is going to be rendered surplus; and it will be for employment in industries that can absorb it. The problem of redeployment and retraining cannot be tackled by redeveloping the existing 1,396 Industrial Training Institutes. It must be tackled in the old industrial centres such as Coimbatore, Rajkot and Ludhiana, and training programmes must emerge from the industries that would grow.

It is time to leave linguistic states behind and concentrate development in clusters centred on the most promising cities

AMIT VERMA

This implies that the present organisation is inappropriate. At the moment, the central government coordinates and gives out money to state governments; they in turn spend it in places and ways that they find politically profitable. The reality is, however, that the country — or at least the more developed parts of it — is divided into industrial clusters, and each of them requires its own autonomous planning. The boundaries between the states were drawn up half a century ago on the basis of language. Those boundaries have nothing to do with economic connections or development potential. Backward area incentives have only made things worse by making industrialists move opportunistically from place to place.

It is too much to expect another reorganisation of states. But surely, clustering development is not beyond governments' capacity. They have been thinking in terms of regions, advanced and backward. Instead, they should think in terms of cities that would form foci of development, and divide the hinterland between them. ■

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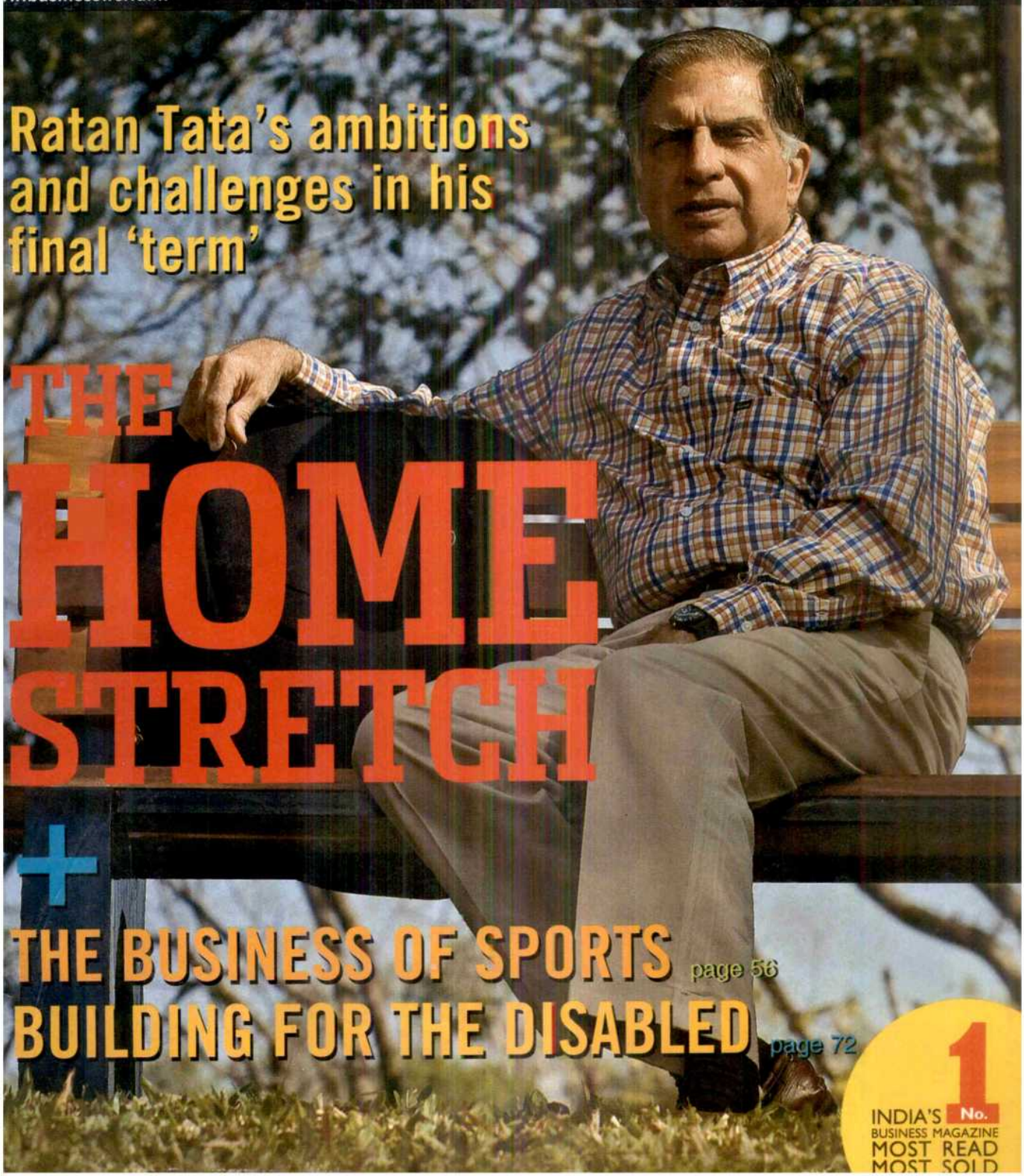

Ratan Tata's ambitions and challenges in his final 'term'

THE HOME STRETCH

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BUILDING FOR THE DISABLED page 72

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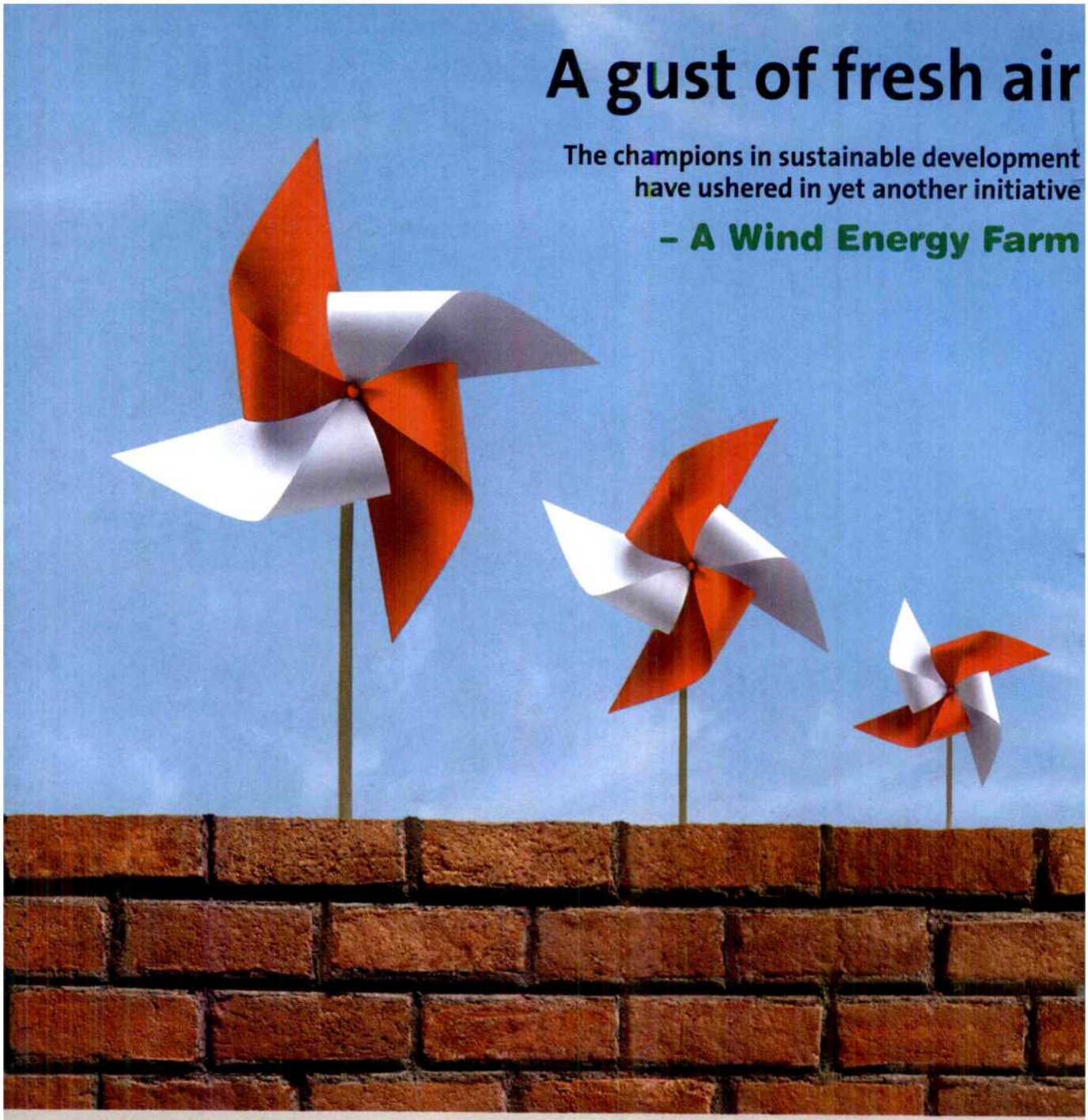

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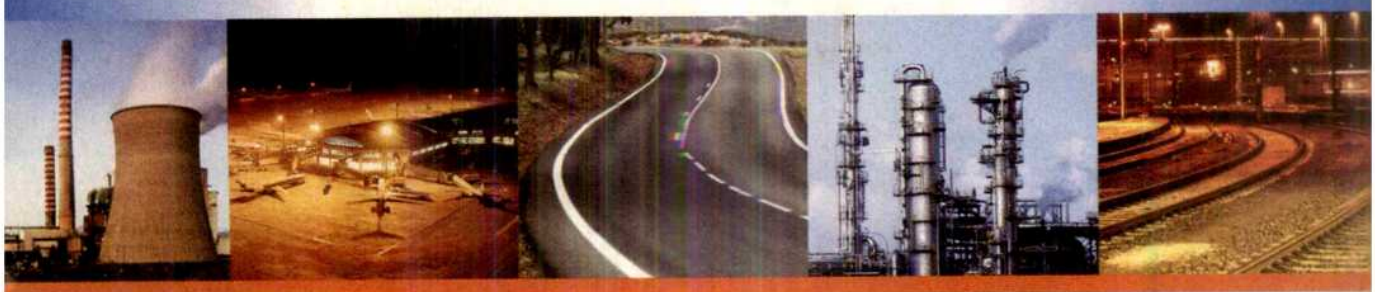

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Keeping It Fresh

by jehangir s. pocha, editor

DEAR READERS,

Welcome to the new-look *BW*! In our continuing mission to bring you a world-class Indian business magazine, we are beginning 2008 by editorially widening the scope of *BW* and aesthetically updating its look.

All of this has a singular objective: to give you more of the information and analysis you need in an easier-to-read format.

Firstly, we have revamped our existing sections, namely, *In the News*, *In Depth*, *In Conversation* and *Bookmark*. Then, we have added new sections at both the front and back of the magazine. *BW* now opens with *OnPoint*, which gives trenchant insights on the week's news. Following it is *Fianchetto*, named after the famous chess move, and it will summarise the strategic moves in the corporate world every week. Next is *Quick Take*, which captures the views of thought leaders on critical questions facing the economy.

At the back of the magazine is *TechTalk*, which will keep you abreast of the latest in science and technology. Lastly, our *In Vogue* section has been overhauled and expanded to give you a discerning view of what's hot and cool in fashion, art, travel, luxury and leisure.

Interspersed between these pages you will find three new columns. Nayan Chanda, ex-editor of the *Far Eastern Economic Review* and the current head of Yale Global Online, will share his views on globalisation in *Bound Together* every fortnight. Bill Emmott, previously editor of the *Economist*, will analyse and comment on global issues in his fortnightly column, *Policy World*. Lastly, *CounterPoint* will be an open forum where contributors, executives and staffers will challenge conventional wisdom with new ideas.

We are also happy to introduce a new column, *Business Beat*, written by Deputy Editor Rajeev Dubey. Two other columns penned by *BW* staffers, *Capital Ideas*, which will now be written by Deputy Editor Srikanth Srinivas, and *Media Room*, written by Senior Associate Editor Gurbir Singh, have also been expanded.

Structurally, these sections and their arrangement have been designed to take you on a journey — the first 75 per cent of the magazine focuses on issues discussed in company boardrooms, the next 15 per cent covers matters talked about in company coffee rooms, and the last 10 per cent delves into things discussed in executives' living rooms.

The aesthetic redesign underpinning this editorial charter was

***BW* DESIGN TEAM:** (L-R) Madhumangal, Ajoy, Puja, Kishore, Group Design Director Jyoti Thapa Mani, Neeraj, Anil, Rajinder and Anthony

conceived by Francesca Messina, a New York-based designer, and her assistant Amy Rosenfeld. *BW*'s Design Director Jyoti Thapa Mani and her team then worked in tandem with our editorial staff to apply the design template Francesca and Amy created to our new sections.

Our aim was to retain the design heritage that has helped make *BW* India's most sold, most read business magazine while creating a more contemporary, elegant and easy-to-read magazine. While we have added more pages to the new-look *BW*, we were clear we didn't want to end up creating another bulky, over-written magazine that was more valuable to used-paper dealers than readers. Instead, we wanted to use the real estate of every page well and make smart use of graphics, photos and other visuals to add to the attractiveness of tightly written stories. On page 6, both Francesca and Jyoti tell you how they created the new-look *BW*.

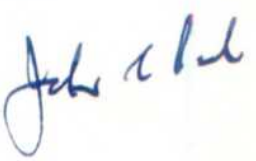
Since it would be natural for people to assume this design change was initiated by the new *BW* team that has been running the magazine since March 2007, it must be pointed out that the initial work was commissioned by *BW*'s previous Editor Tony Joseph and our Chief Editor Aveek Sarkar. It was only after they oversaw the creation of the basic template that the new team worked on creating the new sections mentioned above. I invite all of you, our readers, to write to us with your feedback on the new-look *BW*. It is to give you a better magazine that we aim, and your inputs and comments will guide our work, as they always have.

Lastly, let me say it's fitting that the new-look *BW* profiles Ratan Naval Tata (RNT) and his plans for Tatas in his final 'term' as Group chairman. While rooted in its rich heritage, the Tata Group has proved to be a remarkably modern organisation, one driving the re-emergence of India as a global economic powerhouse. In a three-part series that will run in consecutive issues, we will share with you how Tatas' global plans are panning out, how the group is building several large new businesses domestically and how Ratan Tata's dream project, the Rs 1-lakh car, was conceived and created.

In 'Eyes On The World', the first of the three-part series, Associate Editor Piya Singh outlines how Tata companies, such as Tata Steel and Tata Tea, have gone global under RNT's watch, despite the constraints of our home market and, as seen recently, the denigration of foreign competitors.

Following this are a profile and interview with Tata. They give a vivid picture of a sensitive man committed to continuing an old legacy in a brash new world without compromising on the core values that made Tatas special in the first place. His success at this, despite substantial failures, such as the unsuccessful bid to start an airline, is both important and inspiring. For it reminds us all that our innate sense of rectitude and decency need not be jettisoned in the pursuit of success.

Best regards,



BW's Got The Look

by jyoti thapa mani, design director

DECONSTRUCTIVISM: '*THE finished visual appearance ...characterised by a stimulating unpredictability and a controlled chaos*'. This is how I explain the new look of *BW*. Deconstructivism in architecture, also called deconstruction, is a development of postmodern architecture that began in the late 1980s. A style created from two strains of modern art, minimalism and cubism.

Aveek Sarkar, who is always a mile ahead on every topic, was the first to descibe 'Deconstructivism' to me. But the first time I met a Deconstructivist was while studying at the National Institute of Design, Ahmedabad. A glowering American designer called Bob Gill thundered at us with his book *Forget All the Rules You Ever Learned About Graphic Design, Including the Ones in this Book*. For us students in our formative years, it was very confusing and difficult to digest Gill. But now with a fair amount of experience, I understand him better. Yet, design is a discipline, especially editorially, and one has to walk the tight rope.

This is my third redesign project at *BW*. The first was in 1999 when the fortnightly was to acquire a new avatar as the only Indian business weekly magazine. By the second redesign in 2001, our sales had more than doubled and the new look had to convey *BW's* leadership and maturity. Movement is always circular and having completed the *chakra*, *BW* is born again. With Francesca and Amy's help, this time, it is an Indo-American creation. The transition began with the departure of *BW*'s Editor Tony Joseph, and the arrival of a new editor, Jehangir Pocha, fresh from his last assignment in China and a new edit team in Delhi and Mumbai.

The strength of *BW* design has always been 'ideating', a factor I shared with all the editors I have worked with so far. Our new editor Jehangir also has a great creative mind and is highly experimental. With five and a half years of graphic design study, one newspaper redesign and an odd 550 magazine editions behind me, I am now in the 'deconstruction' phase. But believe me, it is quite rejunevating. In keeping with our tradition of constant change, *BW* looks fresh, new and contemporary. Once again.

jyoti.thapa@abp.in

Enthusiasm In Print

by francesca messina

WHEN I WAS APPROACHED by Aveek Sarkar to redesign *BW*, I was curious and intrigued. It was like a counterpart to *BusinessWeek* magazine, where I had worked for a decade, and I immediately felt familiar with the structure and editorial imperative of *BW*. I agreed to help with the redesign project.

I worked with an American designer, Amy Rosenfeld, the former art director of *Smart Money* magazine in the US. We worked closely with the editorial, art, and marketing staff to define what needed to be rethought and what didn't. We wanted to give *BW* a cleaner, contemporary, more useful design. We began with a significant change in the grid structure of the magazine. Using a 5-column structure, instead of the former 3-column, we were able to create an 'open' column at the left or right of the page that allowed elements, such as captions or subheads, to 'float' in this area.

The second change was a new approach to images. We eliminated overly decorative illustrations in tables and charts for a simpler design. We emphasised simpler photography, and that a picture can also bring the concept of the article to light just like a portrait, in the choice of an image of an industry or a news event.

We introduced three new fonts: Miller, Dispatch and Trade Gothic. Miller is the text font, and is easily readable. Dispatch and Miller Display used for headlines to give the magazine a distinctive 'personality'. Trade Gothic for its clarity, in tables and charts.

The covers and masthead were also redesigned to give the magazine a contemporary feel. We want the covers to stand out and to reinforce *BW*'s identity as a magazine that defines and analyses trends and news related to India's and the global economy.

Working with Jehangir S. Pocha and Jyoti Thapa was incredibly enjoyable — they were the best colleagues one could hope for. I also want to thank the entire art and photography department, and the editorial staff for their help and enthusiasm. They welcomed an American editorial designer into their midst and were incredibly gracious colleagues and hosts. I look forward to seeing the new design take life!

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Feedback your comments

India Shining?

Your special issue on 'The Year Ahead 2008' (*BW*, 7 January 2008) was an interesting read. However, I felt the article 'The Road Ahead', which said that India has the potential to combat US's economic supremacy is being a tad too optimistic. It would be wishful thinking to believe that India can combat even China's position right now. The latter part of the article, which talks about the hurdles India is likely to face in the coming year was far more realistic. The apathetic bureaucracy and red tape that plague governance in India today are certainly the most critical forces stopping India from becoming the next superpower. Yashwant Sinha's piece made it seem that this is a problem with the current government only. Pointing fingers has always been the easier option.

Sharat Ramagopal, via e-mail

WRITE IN AT
editor@bworldmail.com
or post us on
www.businessworld.in

All Talk, No Walk

In 'Future Shocks' (BW, 7 January 2008) R.K. Pachauri repeats what has always been said about the need for a change in our approach to climate management. So much talk definitely reflects an acknowledgement of the problem. Action, however, is distant. He says that the solution lies in restructuring our economy to reduce our footprint on the ecosystems. In a developing country it is difficult to choose between progress and environmental stability. However, that should not be our excuse. Neither should the developed nations of the world shirk from providing the technology to help developing nations leapfrog beyond polluting technologies.

Instead of playing the blame game and enjoying the sun and sand at international conferences, the thought leaders of the world need to become action leaders.

Sneha Jain, via e-mail

Understanding Leadership

The CEO of Epicensys in 'New Boss In The Dock' (*BW*, 31 December 2007) should have strategically positioned Kumaran and Mankodi according to their strengths. It is worth keeping in mind Henry Kissinger's quote, "The task of the leader is to get his people from where they are to where they have not been".

Deepak Dave, via e-mail

The Role We Play

In 'Beyond The Family Feud' (*BW*, 17 December 2007) the interview states that mediators are third parties who can issue 'verdicts'. As trained mediators, our role does not involve issuing 'verdicts'. A mediator empowers the parties to find their own solution to their conflict. As parties craft their own solution, the resulting agreement is usually perceived as more sustainable than solutions imposed by diktat or through social or political pressure. The 'mediation' process described in the article may more accurately be called 'social arbitration', where the moral authority of the elders and society is brought to bear on the disputants.

Ashok Panikkar, via e-mail

Corrigendum

In 'Taming The Challenges' (*BW*, 7 January 2008) Forrester Research was incorrectly spelt as Forrestor Research. The error is regretted.

The letters have been edited for brevity.

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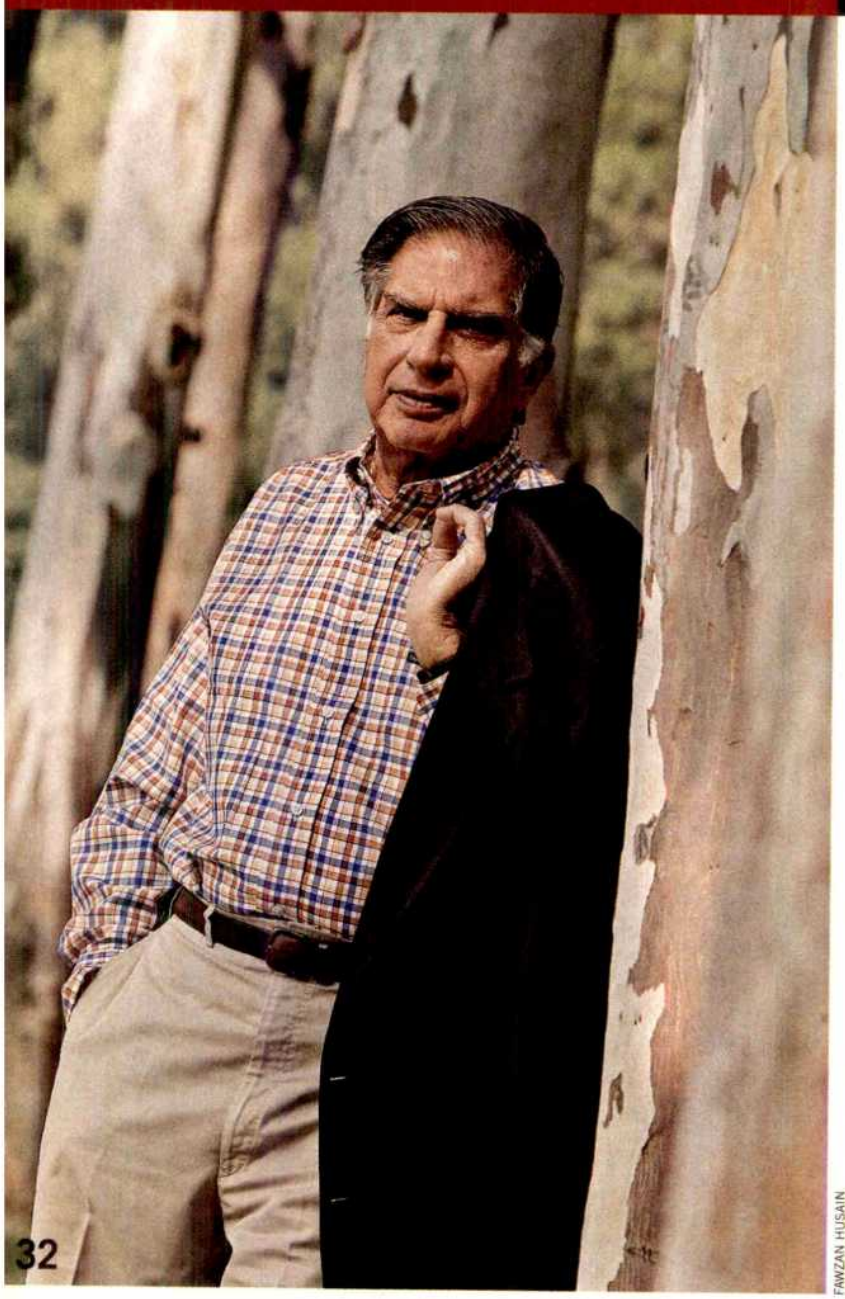

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Managing Risks While Lending
Risk management models were fine – until the growth quickened, says Manish Kumar.

Total No. of pages including cover: 100

INVESTMENT BANKS

Sovereign Growth

Sovereign wealth funds of emerging markets are buying into US banks

BLOOMBERG

FOREIGN MONEY: Merrill Lynch has mopped up $6.2 billion from a Singapore fund

US BANKS USED TO BE accused of buying up the world. Now, the world is buying into US banks. Last month, Temasek, Singapore government's sovereign wealth fund, wrote a cheque for $4.4 billion to buy a 9.4 per cent stake in Merrill Lynch.

While Americans are hotly debating the ramifications of this, the question India should consider is: could Indian banks soon be buying US banks as well?

A November 2007 Goldman Sachs report says: "While most US brokers and some (commercial) banks have broadened their geographic presence over the past decade, none has developed a truly robust Chinese or Indian offering. With these economies growing at multiples of the US, we wouldn't be surprised to see a larger international bank attempt to gain access to the US financial services community through acquisition."

For years, Indian banks have been trying to get a foothold in the US. But no acquisition has been attempted. ICICI Bank is already owned by foreigners, including Americans, through a complex chain; so their acquisition of a US bank may not count as a foreign buy-out. The real challenge from Indian banks comes down to one thing: cost structure.

Employee costs in India are between a third and a tenth of US levels. The outsourcing story is a well-known and well-documented one. So, surely, Indian banks could deliver low-cost banking services, too.

Lou Dobbs — the famous CNN talk show host who has been campaigning on tightening immigration for almost two years — might just find his nightmare getting worse.

Srikanth Srinivas

70 lakh crore rupees is the investors' wealth on the Indian bourses at the end of 2007.

QUOTE OF THE WEEK **"My mother (Benazir Bhutto) always said democracy is the best revenge."**

– BILAWAL BHUTTO ZARDARI, CHAIRMAN, PAKISTAN PEOPLE'S PARTY

AUTO

Small Price

Prices of small cars across the board are likely to dip in 2008

IF YOU ARE THINKING of buying a small car, hold on to your purse strings a little longer. Because this year, prices across the small car segment are likely to come down .

Tata Motors will launch its small car on 10 January, to be priced at around Rs 1.2 lakh. Maybe, you don't want to buy this car, but the entry of the Tata car will lead to a price war at the lower-end segment for all car manufacturers in the country.

This will be a good time for consumers to pick up bargains or freebies that other manufacturers will load on to their inventories with dealers.

BLOOMBERG

REVVING UP: Maruti is strengthening its small car portfolio with A-Star and Splash (pic)

Tata's low-cost car will create a new segment as there are no cars in the Rs 1 lakh-2 lakh segment at present. But it will pull some market share from the segment above it populated by cars such as Maruti 800, which retails for more than Rs 2 lakh. Maruti Suzuki India's (MSIL) new CEO Shinzo Nakanishi has already indicated that a price cut can be expected on Maruti 800. MSIL is already strengthening its small car portfolio with two models, A-Star and Splash. The A-Star has a 1,000-cc petrol engine and is targeted at higher price segment.

Hyundai's latest small car i10, priced at Rs 3.59 lakh, may also see some pressure on pricing if Tata's small car meets the hype.

K. Yatish Rajawat

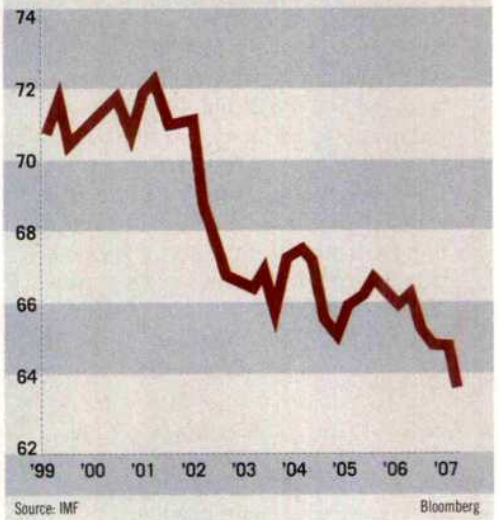
2007

AP

2007 was the deadliest year for journalists, according to the Committee to Protect Journalists, New York. Worldwide, 64 journalists were killed in 2007 in direct connection to their work, up from 56 in 2006. Iraq was the deadliest country for the press; its 31 victims account for nearly half of the 2007 toll.

DOLLAR DIMINISHED

The dollar's share of global forex reserves fell



Source: IMF

Bloomberg

SPECTRUM ALLOCATION

ADVANTAGE CDMA

THE DELHI HIGH COURT HAS REJECTED a stay sought by the Cellular Operators Association of India (COAI) on allocation of spectrum by the Central government, paving the way for the CDMA players to get it. This will benefit Tata and Reliance. It will also benefit the government as it can continue its process of spectrum allocation.

While giving the order, Justice Gita Mittal warned that any action taken by the government will be subject to the outcome of the writ petition filed by COAI.

The main case on the spectrum issue and cross-over technology is pending with Telecom Disputes Settlement Appellate Tribunal (TDSAT). Justice Mittal asked the parties concerned — COAI, the telecom department and Telecom Regulatory Authority of India — not to seek any adjournment from TDSAT.

The case in Delhi High Court is only limited to seeking a stay on the allocation of spectrum to cross-over technology till the time the final decision on legality of cross-over is taken by TDSAT.

K. Yatish Rajawat

UNREST IN KENYA

A woman carrying a kitten she saved from her shop in Nairobi after it was burned down, on 30 December 2007. Riots broke out in Kenya, after Mwai Kibaki was elected President in the closest presidential race in the country's history. About 300 people died in clashes and over 100,000 people have been forced to leave their homes.

AP

PRIVATE EQUITY FUNDS

Once Bitten, Twice Wary

BLOOMBERG

Loss-making auto firms are bleeding private equity funds in the US

PRIVATE EQUITY (PE) firms in the US are losing money in deals involving auto companies. And PE firms are backing out of deals with auto firms.

Recently, Cerberus Capital Management backed out of its $4 billion offer for United Rentals. But the PE firm had to pay $100 million as termination fee.

Cerberus, which bought 80 per cent of Chrysler from Daimler for over $8 billion in early 2007, is now in trouble; Chrysler's President and CEO Robert Nardelli recently said that the company was "operationally bankrupt".

One Equity Partners is also in the running for buying Jaguar and Land Rover from Ford Motor Co. Wonder if the Tata Motors' bid for Jaguar looks suddenly good to Ken Gorin, chairman of the Jaguar Business Operations Council.

Srikanth Srinivas

LAW AND ORDER

AP

Crime Capital

IT SEEMS DELHI DOES NOT WANT TO SHED any of its stereotypic images — even the notorious ones. For the fifth consecutive year, Delhi has maintained its dubious distinction as the crime capital of the country. According to Delhi Police annual crime statistics, the capital city tops the number of crimes reported in mega cities across the country. Delhi witnessed 53,244 crimes in 2007, including 467 murders, 581 rapes, 8,039 vehicle theft cases, and 1,764 dacoity and other heinous crimes.

Reality Check

Don't stifle that yawn; it's good for your brain. According to a new study, adenosine — the brain chemical that induces yawning — plays a key role in preventing brain disorders

POLITICS

DYNASTIC DYNAMICS

BLOOMBERG

PAKISTAN SEEMS trapped between dynasty and dictatorship. Pervez Musharraf is clinging to his job after the assassination of ex-prime minister Benazir Bhutto, who had followed her condemned father into the job. Now, in a move that's infuriated Bhutto baiters, Benazir's successor is her 19-year-old son, Bilawal Bhutto Zardari.

In India too, Gandhi family critics crib about the feudal, dynastic approach to politics in the subcontinent.

But wait a minute. Dynasty is also a visible factor in the US. President John Adams' son John Quincy Adams served as president. So did President William Henry Harrison's grandson, Benjamin Harrison. And there are numerous senators whose seats have passed on to scions. In fact, either a Bush or a Clinton has been a candidate in every US presidential campaign since 1976.

T.K. Vineeth

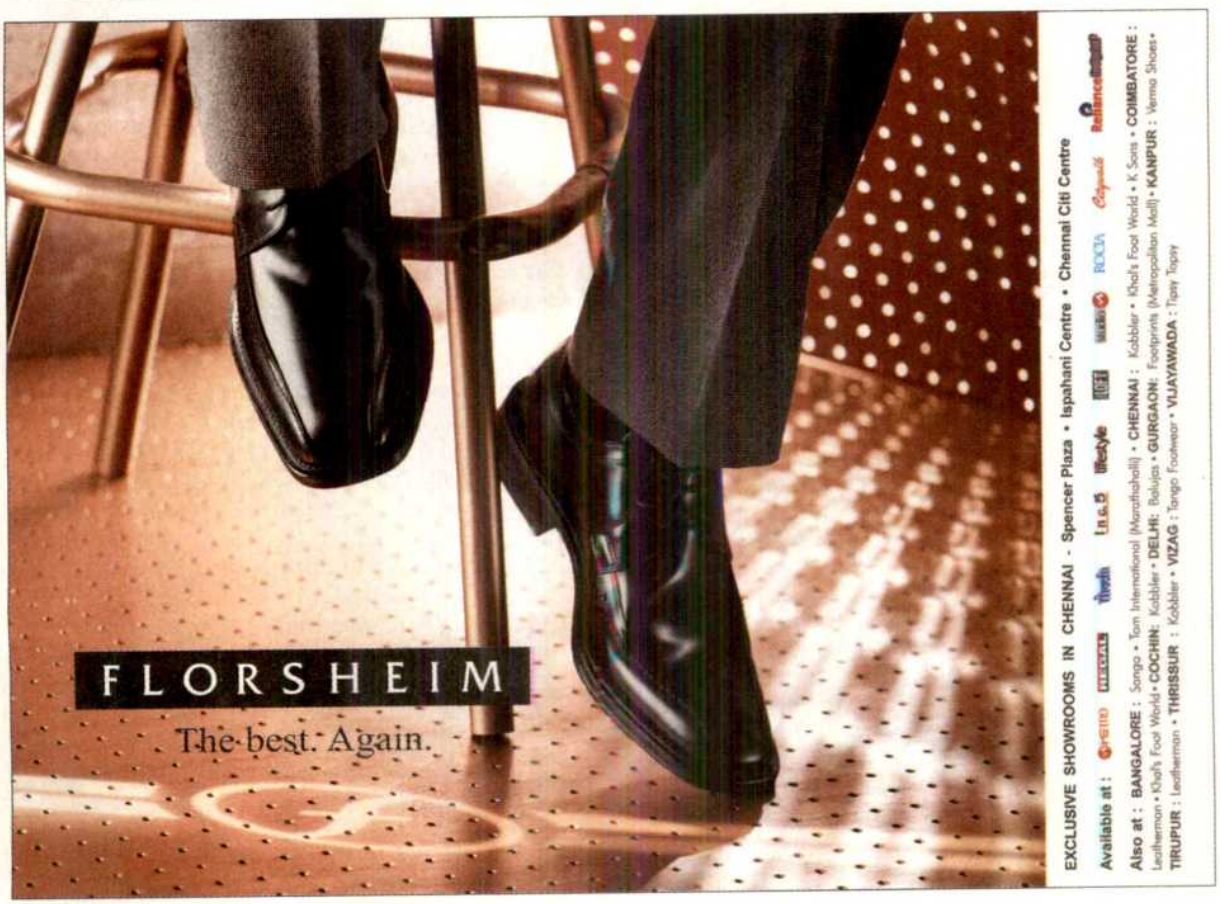
TOP 10 LISTINGS

MOST PROFITABLE INDUSTRIES IN 2007

1	Pharmaceuticals	19.6
2	Commercial banks	16.2
3	Financial data services	15.2
4	Network and other communications equipment	14.0
5	Medical products and equipment	13.5
6	Railroads	13.1
7	Securities	12.4
8	Publishing, printing	12.4
9	Insurance: P&C (stock)	11.8
10	Diversified financials	10.9

Figures are 2006 profits as percentage of revenues

Source: *Fortune*



THE COST OF BAD GOVERNANCE

BY K. YATISH RAJAWAT

IT'S THE SMALL THINGS THAT ADD up to big problems. While we hate the inefficiencies in our government structure, we also accept them easily. Most of the debate on bad governance takes place on macro issues, not the small niggling problems that affect day to day living. Small issues, which, due to lack of accountability of public officials or archaic laws, affect us more than, say, pension sector reforms.

Take, for instance, the rising congestion and resulting delays at Delhi airport that affect us and the price we pay for it. Flying in and out of Delhi has always been a difficult if not a dodgy issue for passengers. Now, with winter fully upon us and the fog too, the airport has more delays and congestion. The business cost of such delays is huge.

Delhi airport handles 22 million passengers every year; it has capacity for 15 million passengers. There are no numbers available for the price or cost of these delays. So assume that each passenger is on an average delayed by a very conservative 20 minutes, though all of us know that peak time delays can run into hours. That is a productivity loss of 440 million minutes per annum — approximately 7.33 million hours.

This loss is borne by the corporate sector, which is paying the salaries of these passengers. Each hour is worth Rs 200 — if they are paid just Rs 10 lakh per annum. That means, a loss of Rs 146.6 crore per annum just because one airport cannot meet its basic commitment to its customers.

Now, this loss just takes into account the time wasted, but not the stress that builds up in people coming in or going out of the capital city. This is a much bigger price that all of us as passengers have to pay for the cost of bad governance of an airport.

One of the reasons that the governance is not improving is, there is no financial penalty for delays. Customers or airlines are not compensated if there is a delay beyond a reasonable time by the airport.

If the airport operator is asked to compensate the airline, which in turn compensates the passenger for these delays, there will be financial incentive to prevent such delays.

UTI INFRASTRUCTURE FUNDS

Open-ended Question

UTI's new infrastructure fund does not offer any new benefit to the investor

RETAIL INVESTORS don't peruse small details. And UTI knows this only too well. The new UTI-Advantage Fund series, a close-ended scheme that entered the market in November 2007, has raised Rs 3,000 crore from investors. UTI has got investors to pour in such huge amounts despite the fact that issue expenses in close-ended funds could be up to 6 per cent. While this can be amortised over five years, an investor who exits before this takes a hit on his fund's net asset value.

SUBHABRATA DAS

FLUSH WITH FUNDS: UTI has mopped up Rs 3,000 crore

UTI also has an open-ended infrastructure fund, launched in April 2004, whose entry and exit loads do not add up to more than 5 per cent. But such is the lure of a new fund offer (NFO), where one unit costs just Rs 10, that investors always jump to park their money in NFOs.

Vishal Krishna

Global NEWS

Singapore slowing down

For the first time in four years, Singapore's export-driven economy is heading for a slow down; the growth is expected to be between 4.5-6.5 per cent in 2008 compared to 7.5 per cent in 2007, much less than the earlier projection of 8 per cent. The slowdown is due to lower export growth to US, due to the slowdown in US economy.

38 per cent of US viewers watch television on the internet, according to Deloitte & Touche.

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BAE

Hawkish tie-up

Hindustan Aeronautics (HAL) and UK's BAE Systems are said to be conducting feasibility studies for a joint venture that will pave the way for Hawk advanced jet trainers to be made in India for the global market. At present, HAL manufactures the aircraft under licence from BAE Systems for the Indian Air Force.

Steely moves

Tata Steel and state-run SAIL, two of India's biggest makers of steel, are forming a joint venture to mine coal blocks to meet their increasing production needs. The new entity will have a capital of Rs 2 crore, to be shared equally.

Anil turns IT-savvy

Finance is a sport that Anil Ambani learnt at Wharton Business School. Now he wants to nurture technology. Last week, he unveiled a $2-billion plan to grow Reliance ADAG's in-house IT business that will be built on group synergies from telecom to power. But success may not be easy as there is intense competition in this sector.

NMDC's iron exploration

With steel production set to double to 100 million tonne (mt) over the next five years, state-owned National Mineral Development Corporation (NMDC) has also started scouting for iron ore leases abroad. NMDC, which expects its iron ore production to top 30 mt — a little less than a fifth of India's total production of 170 mt — this financial year, feels that the demand would get tighter in the coming years with a surge in demand for steel and new facilities being set up by the world's biggest steel maker Arcelor-Mittal and Korea's Posco in India.

Reliance steps into Bata's shoes

A strategic tie-up between Reliance Retail and iconic shoe retail chain Bata will counter the growth of Liberty Shoes. Bata, as a brand and company, has been on a revival path in India, and the alliance allows Reliance Retail to cover an important flank in its product portfolio.

L&T's concrete plans

L&T had sold its brand new cement business to Birlas in

AMIT VERMA

DEALTRACKER

BW-THOMSON FINANCIAL M&A TRACKER

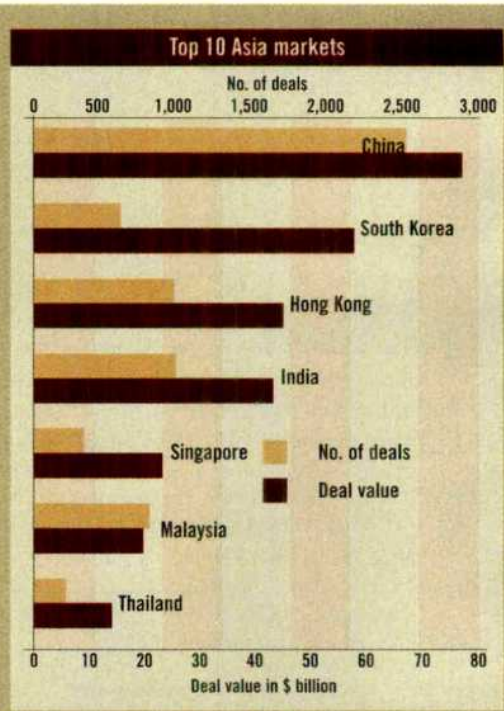
December 2007

The Asian M&A market saw 7,510 deals worth $322.49 billion as on 31 December 2007. In 2007, China emerged as the largest market in the region with 2,539 deals worth $75.86 billion.

Top 10 India deals

TARGET	ACQUIRER	DEAL SIZE ($M)
Sony Online Entertainment	Zapak Digital Entertainment	300.00
India Infoline	Orient Global	191.07
Spice Communications	SREI Infrastructure Finance	127.56
Bajaj Hindusthan Sugar & Ind.	Bajaj Hindusthan	32.87
Honesty Treasure International	Investor group	22.60
Weizmann Homes	AIG Capital India	20.00
Shakumbari Sugar & Allied Industries	India Glycols	11.96
Sharepro Services	Link Market Services	10.00
Moloney Electric Inc.	Universal Power Transformer	6.97
Inatech Infosolutions	California Software Company	6.17

Figures for 16-29 December 2007



Figures for 1 January-31 December 2007

2005. Now, its ready mix concrete cement business — L&T Concrete — which makes readymade mix of cement and gravel to feed construction, will follow suit. Last week, the engineering service and construction firm said it wanted to hive off L&T Concrete to a separate company. An ideal time to cash out a non-core business when the industry is going good.

Godrej's new focus

Godrej Industries has sold its fledgling medical diagnostics business to Ranbaxy Fine Chemicals. Godjrej company had earlier decided to hive off and list its real estate business Godrej Properties. The Adi

AMIT VERMA

Godrej-owned company seems to be restructuring for a sharper focus.

IOL joins RIL in East Timor

Indian Oil Corporation and Oil India are looking to pick up 12.5 per cent equity stake each in Reliance Industries' (RIL) oil block in East Timor, a country that has just begun to stabilise after years of strife. RIL had won the bid to explore oil and gas in an area spread over 2,384 sq km in May 2006 and continues to be the majority stakeholder of the block.

Moving ahead

D.R. Mehta, former chairman of Securities Exchange Board of India (Sebi), has joined Jain Irrigation as director. Mehta was responsible for implementing major reforms in the Indian stockmarket, during his tenure as chairman of Sebi.

Pfizer's fortune

Pfizer India has sold its four trademarks in India — Benadryl, Caladryl, Benylin and Listerine — to Johnson & Johnson for Rs 214.85 crore. The sale of these brands follow the acquisition of Pfizer's global consumer healthcare business by J&J more than 18 months ago.

BLOOMBERG

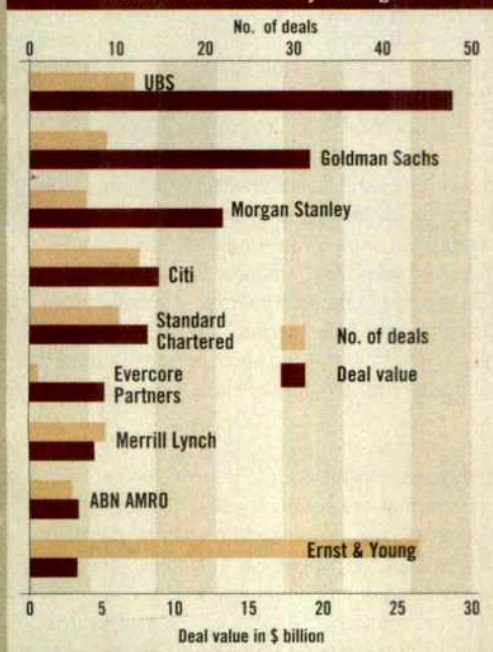
Ranbaxy's relief

Ranbaxy Laboratories has received final approval from the US Food and Drug Administration to manufacture and market its allergy drug Cetirizine hydrochloride tablets, in 5mg and 10mg doses.

Cetirizine hydrochloride is a generic version of Pfizer's Zyrtec tablets of the same strengths. Cetirizine is used for temporary relief from cold, sneezing, and itchiness in throat.

The annual sales for Cetirizine as a 'prescription only' product were $1.4 billion in 2007.

Indian financial advisory rankings



Figures for 1 January-31 December 2007

Top 10 Asia deals

TARGET	TARGET NATION	ACQUIRER	ACQUIRER NATION	DEAL SIZE ($M)
Merrill Lynch & Co	US	Investor group	Singapore	5,600.00
Morgan Stanley	US	China Investment Corp.	China	5,000.00
Phoenixtec Power Co.	Taiwan	Eaton Corp.	US	652.91
Bank of East Asia	Hong Kong	Negocio De Finanzas E	Spain	506.87
Shanghai Dijie Real Estate	China	Investor group	China	330.48
SSC Mandarin Mining Investment	Hong Kong	Espco Technology Holdings	Hong Kong	311.41
Abterra Coal & Coke	Hong Kong	Buddies Power Intl	Hong Kong	307.75
SCMP Group	Hong Kong	Kerry Media	Hong Kong	303.50
Sony Online Entertainment	US	Zapak Digital Entertainment	India	300.00
BALtrans Holdings	Hong Kong	Toll (BVI)	Hong Kong	298.04

Figures for 16-29 December 2007

Figures are based on ultimate parentage, meaning than an M&A deal carried out by a unit abroad will still be counted as that of the home country, provided the overseas unit is majority owned by the parent. Deal value is the total value of the consideration paid by the acquirer, excluding fees and expenses but including liabilities assumed. If the acquirer is buying 100% of a non-financial company from a currently held percentage of less than 50%, deal value is calculated by subtracting the value of any liabilities assumed by the acquirer and adding the target's net debt. US dollar equivalents are computed using the exchange rate at the time of the deal's announced date.

Log on to www.businessworld.in for the complete list

Quick Take

In the next 10 years, can Asia integrate into an 'Asian Union' with a single currency?

We asked... K.T. Chacko, Director, IIFT, Nagesh Kumar, Diretor-General, RIS, Ajay Shah, Senior Fellow, National Institute for Public Finance and Policy, Nitin Potdar, Partner, J. Sagar Associates, R. Venkatesan, Senior Fellow, NCAER, Rajeev Karwal, Founder director, Milagrow, S. Bikhchandani, Founder and CEO, Naukri.com, Srikant Rajagopal, Assistant Vice-President, SSKI Corp Fin and Investment Banking, Manish Bhagat, Consultant, IBM, and more...

"In light of the Asean experience and the EU's success, an 'Asian Union' can actually happen."

S. Madhavan, Executive Director, Tax and Regulatory Services, PwC

"There is a tremendous amount of heterogeneity in Asian nations to think of a Pan-Asia union."

R. Sivakumar, MD, South Asia, Intel

"It is difficult to expect it but once the process starts, it may not take a long time to implement."

P. K. Choudhury, Vice Chairman and Group CEO, ICRA

Yes 7%

YES BECAUSE: It's the beginning of 2008, and less than a decade after the euro was recognised as the official currency of the European Union (EU), the dollar is at an all-time low against the euro. The EU was formed to combat US's economic hegemony as no single European country had a competitive edge over it. Similarly, some of our respondents believed that Asia, too, could benefit immensely from the sheer diversity in the strengths of different Asian nations. There is China and India's low-cost manufacturing, Korea and Japan's technology, West Asia's wealth, and all this coupled with free movement of labour and capital across borders could easily put Asia at the fountainhead of a new global order. So, the faster the Asian leaders reach a consensus on the issue the better.

No 86%

NO BECAUSE: If there is diversity in strengths on one hand, there is also significant disparity in the nature of individual goals of Asian economies. With a multitude of countries in the Failed States Index, Asia is not yet viewed by many as being mature enough to unite into a single economic entity. Many felt that it would be impractical to imagine integration of even Saarc nations, let alone a Pan-Asia union. Also, the fact that Asean and China don't even see eye-to-eye on most matters is proof enough that there is a certain level of comfort and maturity missing in most Asian countries for such a hypothesis to materialise. The EU is mostly comprised of stable nations, but Asia, which is largely comprised of 'young' nations, has not reached a stage in its evolution where it can think of such a unification.

Maybe 7%

MAYBE BECAUSE: While the scales certainly seem to tilt against the possibility of an 'Asian Union' emerging in the next 10 years, some do believe that the possibility of it happening is not as remote. But it will come with its own re-adjustments such as, say, no common monetary unit. Some felt that even though it's impractical to imagine an Asia with a single currency at this point, it is highly likely that over the next decade, Asian countries will have developed much stronger and deeper trade and financial relations with each other to move on to a level where they can think of a unification. So, one could envisage a much larger version of Saarc or Asean in the form of a Pan-Asia union, but several states with internal political instability would have to be excluded for obvious reasons.

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Beat Them In Competition

by ashok v. desai

THE TATAS MADE A FRIENDLY OVERTURE TO Orient Express that they would like to take a 10 per cent share of its equity. It rejected the overture, and gratuitously added that the Tatas' Indian origin would be bad for Orient Express's brand value. The Tatas were incensed at the insult and asked for an apology.

That was an uncharacteristic response from the Tatas. We all come from a country where irresponsible statements are dime a dozen. If companies took to refuting every abuse, they would only get entangled in endless controversies. So they usually decide whether the trouble-maker is important. If he is, they placate him. If he is not, they ignore him.

The Tatas should create a new experience in luxury liners, or run luxury trains from Norway to Spain

The Tatas are different. They do not placate trouble-makers. They generally do not react at all. So it is surprising that they allowed themselves to be upset by the rudeness of Orient Express, and that they responded on the same verbal level. For asking for apology, suing for libel, returning abuse are all responses that may give some psychological satisfaction, just like religious rituals, but seldom give any material return. If a libel is likely to change people's opinions for the worse, there may be a point in refuting it. But Orient Express is pandering to existing opinions. There are European and American whites with race or colour prejudice; there are perhaps enough of them amongst those who travel by Orient Express for it to worry about withdrawal of their custom. They cannot be cleansed of their prejudice by being exposed to 10 per cent equity from the Tatas.

Suppose that the Tatas acquired Orient Express. Depending on their marketing strategy, the Tatas could replace racist passengers by other equally lucrative ones. They would not, however, be able to do so if they took a 10 per cent share in equity. For that sort of measly share, the Tatas would barely get a seat on the board of Orient Express, let alone meddle with its marketing strategy. So the Tatas' was an ineffectual move in view of Orient Express's hostility. If they had sounded out Orient Express before making it, they would have been saved the embarrassment.

But since the embarrassment occurred, it was real, and the Tatas had to deal with it. Most of us who have been to the West have encountered prejudice. Anger and indignation are natural reactions to it. Giving expression to them may give one some satisfaction; an apology may give one some more. It may make enormous difference to the insecure. But it would make no difference to someone who is self-confident and self-assured; and it would never make a difference to ground realities. The Tatas should be asking themselves how they can change the realities.

One way would be to start a competitor to Orient Express. It runs from London to Constantinople. The tourist volumes going in that direction are minute compared to the numbers travelling from north to south – from Scandinavia and Germany to Spain, Portugal, France and Italy. But most of the latter travellers fly because it is faster. There are transcontinental Euro trains from north to south. They are comfortable, but nothing special. Maybe the Tatas should think of starting one or more luxury trains from the north to the south. They would need to talk to the big tour organisers and the national railways of the involved countries. But it is a virgin market just now, and the Tata brand would gain much more by entering it than it could from a minority share in Orient Express.

Continental trains would require much coordination and string-pulling. The Tatas would need influential partners, but even if they are found, the Tatas would have to consider whether to enter the business at all. Luxury liners are a much easier business to enter because the seas belong to no one. They are not a big business in the West because all Westerners want is to lie semi-clad on a beach. But Indians have just started travelling; they are flocking to Malaysia, Singapore and Dubai. Maybe the Tatas can create a novel cruising experience for them; if successful, the experience could be extended from the Indian Ocean to the Pacific and the Atlantic.

Finally, the Tatas can take their hotel expertise to new shores. I have recently visited Slovenia, and been struck by its sylvan beauty. All the ex-communist East European countries offer potential; so does Turkey, especially its Black Sea coast. Let the Europeans from old Europe stick to their colonialist race prejudices. If they do not want to be served by the Tatas, the Tatas should create something that would show them what good life is in the 21st century.

The author is Consultant Editor of Businessworld
ashokdesai@abp.in

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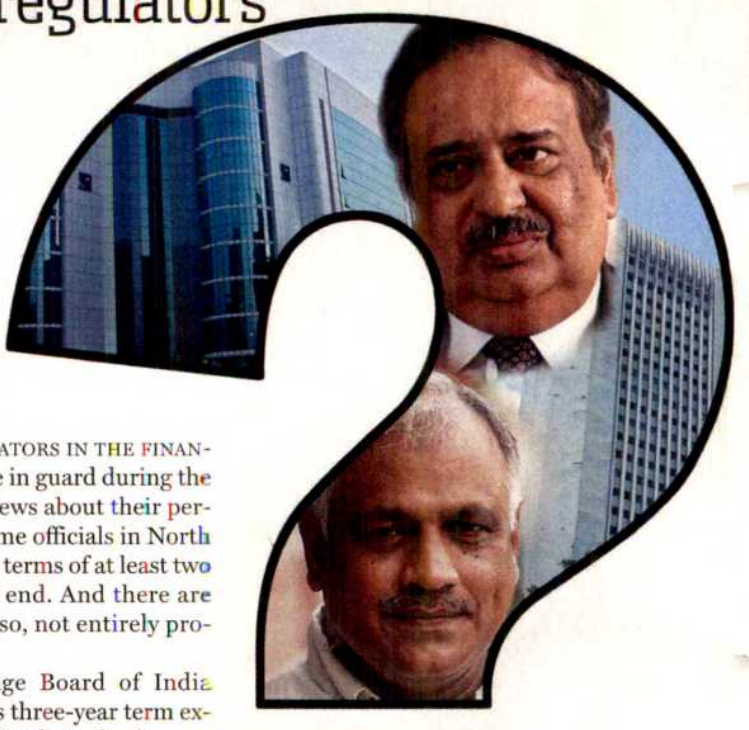
To Each His Own



by P. Vaidyanathan Iyer

THREE OF THE FOUR REGULATORS IN THE FINANcial sector will see a change in guard during the year. While opinion and views about their performance in office vary, some officials in North Block are just glad that the terms of at least two of them are coming to an end. And there are reasons for them wishing so, not entirely professional though, at times.

Securities and Exchange Board of India Chairman M. Damodaran's three-year term expires next month. And officials in the finance ministry can't seem to wait that long! The capital market regulator speaks his mind on issues and does not always entertain messages coming from *babus* in North Block. Yes, there are certain areas where Damodaran has not done his best, for instance, the corporate bond markets, but he has also taken bold measures, which still sound heretical to regulators world over.

RBI Governor Y.V. Reddy, too, is slated to hang up his boots in September. Here, the race is getting intense. There are many in the government who resent his conservatism and inclination to open up the banking sector, but Reddy has stuck to his ground, preferring to take a gradualist approach in issues such as capital account convertibility and FDI in private banks.

The Insurance Regulatory and Development Authority (IRDA) does come under the glare of the government since its actions do not visibly impact the financial markets. Of course, IRDA Chairman C.S. Rao, whose term ends in May, has resisted attempts by his junior colleagues in the finance ministry to usurp the regulator's financial autonomy. So that does not make him very popular in North Block corridors either.

The government should not try to regulate the regulators

The Pension Fund Regulatory and Development Authority, the fourth regulator in the financial sector, is still waiting for Parliament to clear the PFRDA Bill, so there have been no skirmishes to talk about between D. Swarup, its chairman, and officials in the finance ministry.

According to finance ministry officials, Damodaran sat on a proposal to allow National Securities Depository (NSDL) to be the record-keeping agency for the new pension plan for government employees. While ministry officials kept chasing him, Damodaran maintained that unless NSDL set up a separate subsidiary for the purpose, a clearance would be difficult. NSDL was not willing to set up a separate unit since such a business does not make money in initial years. Finally, an hour-long meeting between him and Swarup with an assurance that NSDL will do so in the near future clinched the deal. What bugged North Block *babus* most is the regulator's reluctance to pay heed to their solutions. The implementation of the pension scheme had long been pending with more than Rs 1,500 crore lying idle, but the regulator has to look at market integrity before he shows expediency in implementing government policies.

HAPPY TO SAY BYE: Damodaran, Rao and Reddy will retire amid much relief amongst government officials

Reddy and the government, too, have been at loggerheads several times, like on their assessment of the level of monetary tightening and interest rates. Finance Minister P. Chidambaram obviously pitched hard for lower rates for productive sectors. But Reddy had a tougher job of reining in inflationary expectations.

Wonder why the government doesn't realise that it should not try to regulate the regulators.

pv.iyer@abp.in

Switching Trouble

by Vishal Krishna

JAMMED: Banks incur substantial operational costs in maintenance of their ATMs

Fair pricing of ATM charges

SERVICE	PROPOSED CHARGES
Use of own ATMs for any purpose	Free
Use of other bank ATMs for balance enq.	Free
Use of other bank's ATM for cash withdrawals	• No increase in charges from present levels. • To be capped at Rs 20 from March 2008. • Free from 1 April, 2009.

Source: RBI

RBI's order on ATM charges has got banks worked up

EVER SINCE THE RESERVE BANK OF INDIA'S (RBI) draft paper on fair pricing of Automated Teller Machines (ATM) charges appeared two weeks ago, banks with large networks are hassled over absorbing the 'interchange' service fee that was originally charged on their customers.

The RBI has asked for this fee to be rationalised to Rs 20, from the upper limit of Rs 55. Banks with their own ATM switch networks and multilateral agreements see this as a deterrent to building more ATMs, as they cannot recover the investments made in the ATM distribution business.

In other countries, banks have handled the issue in different ways. In the European Union, ATM service charges are uniform across all banks. In the UK, the services are free, as banks absorb the costs of 'switching' — the technology that allows ATMS of different banks to network so that you can withdraw money from any bank. In the US, there is a uniform $2 charge. In some cases, where a bank has contracted with an independent service provider (ISO) to manage and run its ATM network, there is a surcharge paid to the ISO.

But banks incur substantial operational costs, often running to more than Rs 1 lakh in maintenance per ATM. To break even, a bank needs at least 6,500 to 7,000 transactions with an average charge of Rs 15 from each of its machine. ICICI Bank, HDFC Bank, Axis Bank and State Bank of India (SBI) are some banks that have broken even. "Now the real issue is about the 'switch' cost," says a bank official who wishes to remain anonymous. "Banks with large distribution networks have their own switching systems and are not members of the National Financial Switch (NFS, the system currently in use). Their own dedicated switch is shared with other bank networks." If these banks begin absorbing the cost of 'interchange' fee, they may not have the incentive to set up new ATMs, because of cost considerations.

"We will not be able to recover the amount invested in building the distribution system," says an official from SBI, which has a network of 8,000 ATMs; its customers are not charged any interchange fee since SBI has an agreement with 10 other banks that operate on the SBI switch. But under the new system, if any SBI card holder uses a network outside of SBI, the bank will have to pay the interchange fee to the ATM owner. SBI and Kotak Mahindra Bank are not members of the NFS.

This apart, RBI wants to cap the costs and standardise them. "Banks often have lower interchange ATM charges for preferred customers," says another banking official. Preferred corporate clients and their employees are often the ones who do not have to pay charges in the ATM system, irrespective of which ATM they use. Others pay as much as Rs 57 for using ATMs that may be on another network.

The central bank's motivation is also driven by concern for those who may not be able to access the ATM system because of prohibitive costs, etc. There were 31,078 ATMs in the country, as of October 2007. ATMs are prominent delivery channels for banking transactions. In other words, financial inclusion may end up being out of reach, especially for rural clients. They do not want bank ATMs to mean 'Any other Than Mine'.

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TRIBHUWAN SHARMA

Shoring Up Valuations

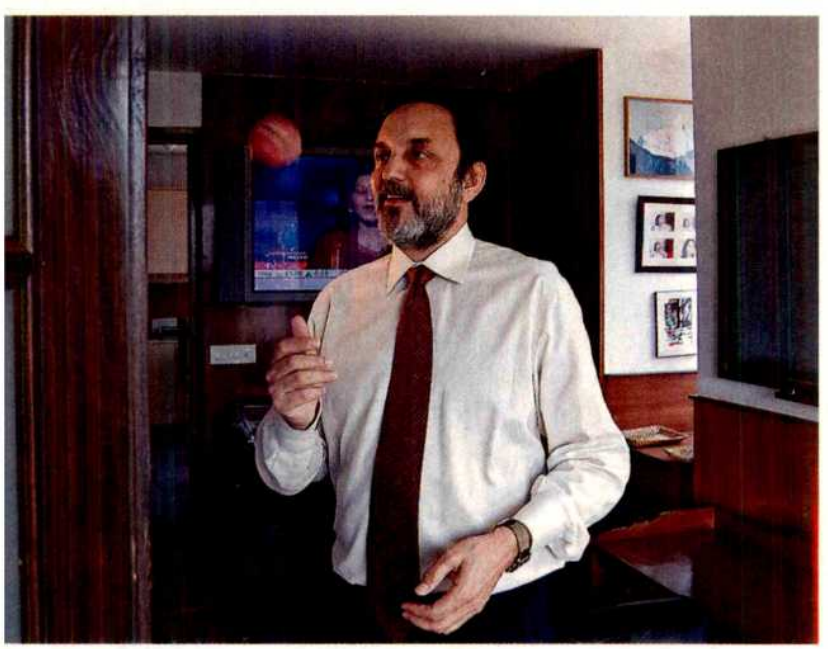
by Gurbir Singh

The Roys' recent buy-back could be part of their long-term plans

THE BUY-BACK OF GA GLOBAL'S STAKE BY RADHIKA and Prannoy Roy has more to it than meets the eye; the move could be part of their long-term plans. NDTV's founder promoters Prannoy and Radhika Roy have recently bought out the GA Global Investment stake in the company of 7.73 per cent for a consideration of Rs 192 crore. This has increased the promoters' holding in the news television network to around 61 per cent from the current level of 53.3 per cent.

The immediate rationale of the move seems to be keeping the promoters' head above water in respect of corporate compliance. For news broadcasting companies targeting Indian audiences, 74 per cent of the equity has to be held by Indian nationals. Of this too, at least 51 per cent has to be held by the Indian promoters. In the case of the Roys, a series of PE investments in NDTV and an IPO in April 2004 had reduced the promoters holding to 53.2 per cent. If the employee stock ownership plan commitments are exercised, the holding by the Roys could touch a low of 51 per cent.

"It seems to be a win-win for all," says Salil Pitale, Enam's entertainment and media analyst. "GA has got a full exit without having to sell its stake piecemeal. For the Roys, it is good time to shore up their holding at an attractive price of Rs 470." An attempt by *BW* to reach NDTV's company secretary, Rajiv Mathur, through e-mail and on the phone failed.



OTHER VIEW: Prannoy Roy's move is a strong expression of his confidence in the company

AMIT VERMA

The perceptions about NDTV are at odds with its financial performance. It posted a net loss of Rs 14.4 crore for FY 2007, more than double the net loss of FY 2006 of Rs 6.25 crore. But for the first six months of 2007-08, the bottom line was Rs 39 crore in the red. Despite this, the company's scrip has been on a roll. The market cap of the company has steadily risen to Rs 2,885 crore — more than double from Rs 1,410 in December last year.

"Despite poor results, promoters buying the GA stake is a strong expression of confidence in the company's future," says Jagdish Malkani, country head of Taib Securities, rationalising the buy-back move. The buy-back has also kicked in an open offer to acquire a further 20 per cent at a price of Rs 438.98 per share. This is in line with a Sebi regulation requiring an open offer by promoters who increase their stake by over 5 per cent in a financial year. But this is not a great price at which shareholders will offload. However, "the Roys knew of this regulation when they bought the GA stake and, therefore, they are obviously ready to buy more and have the money ready for it," adds Malkhani.

NDTV's future growth plans have obviously got a lot to do with its perceived worth. It has just gone beyond news with its recent launch of lifestyle channel NDTV Goodtimes, and is on track for launching its Hindi general entertainment channel NDTV Imagine on 21 January. It has already launched its first metro channel in Delhi, with plans for four more cities.

Earlier, in 2005, the Roys had sought to transfer 15 per cent of their stake to Tara Roy, their daughter, an NRI resident in the US. However, the Information and Broadcasting Ministry has not okayed the transfer since it is seen as a transfer to a foreign entity. The foreign holding in a news network has been capped at 26 per cent, and the ministry fears the transfer may exceed the ceiling prescribed.

"The buy-back will certainly boost their valuation, and the Roys could then opt to sell their entire holding to an international network entering India," says a senior analyst. The Roys were in talks in 2005 with several broadcasting networks for a possible divestment of their stake in NDTV. Beauty lies in the eye of the beholder, it seems.

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by Srikanth Srinivas

Gold By Any Currency...

PRICE CHANGES OVER PREVIOUS YEAR	2005	2006	2007
US dollar	17.9	23.1	27.5
Euro	34.9	10.5	16.9
British pound	31.3	8.3	26.4
Swiss franc	35.9	14.1	21.1
Japanese yen	35.5	24.4	22.5
Australian dollar	24.9	13.9	16.2
Canadian dollar	14.0	23.5	7.8
South African rand	31.9	37.1	27.3
Renminbi	15.0	19.1	20.1
Rupee	22.7	20.8	13.7
Dinar	17.9	23.2	21.1

Figures in per cent Source: Plexus Asset Mgmt. (based on data from I-Net)

The price of yellow metal is firmly on the fast track

IT'S ALL ABOUT PERCEPTION, AND GOING BY THAT, gold is looking better and better. This week, the price touched $800 a troy ounce; some market analysts believe it will cross $1,000 in 2008. Gold has closed above this price level only twice till as far back as 1980: $830 on 18 January and $850 on 21 January. In inflation adjusted terms, gold is still way below its record highs.

In today's dollars, the 1980 price of gold would be over $1,800. And China has overtaken the US as the world's second largest consumer of gold after India. Richard Russell, author of *Dow Theory Letters*, a market newsletter in the US, who has been tracking gold, says that as the US Federal Reserve cuts interest rates, "expanding liquidity and declining short term rates...(are) an ideal atmosphere for the rising price of gold".

What if the US economy stabilises? Still a similar story, says Russell. "All the money that was created during 2007 to counteract recession now acts as an 'overflowing punch bowl'. The global economy is 'on fire.' Under these conditions, gold heads sharply higher."

Declining supplies will likely add to both, its allure and its price. Tom McClellan, editor of the *McClellan Market Report*, a publication on market timing — what we in India like to call technical analysis — likens gold to an observer standing on a pier. When you see a wave or ripple passing below you, you can estimate how and when it will hit the beach.

Using that analogy, he says, gold is a good indicator of what inflation is likely to do. Most of us are familiar with the notion that gold serves as a hedge against inflation, but the description is an incomplete one. It is more of a lagging indicator, in that inflation usually shows up 14 months or so after gold prices begin to move up. Gold prices also jump when there is a sudden event. In the most recent instance, it jumped by $15 a troy ounce after Benazir Bhutto's assassination. But gold has been rising steadily since its low of $250 in 2001. Before you conclude that it has been rising because of the US dollar's decline, check out the table: it has been rising in several currencies, including the rupee.

But, strangely enough, the kind of inflation numbers one would expect to see are absent: the stockmarket continues to go up, liquidity (as a function of capital inflows) is up, food prices are up, the rupee is appreciating — and the dollar is declining — real estate and land prices are up, but inflation is not. There is much more inflation out there that is not being captured by the consumer and wholesale price indices. After the debate over the index of industrial production, should we worry that there is something strange about the WPI and CPI?

McClellan's research on the US stockmarkets indicates that a stockmarket decline followed a decline in gold prices two years later. By that yardstick, the Indian stockmarkets will continue their upward momentum — barring a global event that could roil markets everywhere.

Prieur du Plessis, chairman of Plexus Group, a Cape Town-based company that tracks mutual funds, portfolio investments and also researches their performance, says that there are many reasons to stay bullish on gold: the possibility of ongoing pressure on the US dollar, increasing global inflationary expectations, surging oil prices, minimal new mine production, and the fact that central bank sales are capped through the Central Bank Gold Agreement.

He cites George Bernard Shaw: "The most important thing about money is to maintain its stability... You have to choose between trusting the natural stability of gold and the honesty and intelligence of members of the government. With due respect for these gentlemen, I advise you...to vote for gold."

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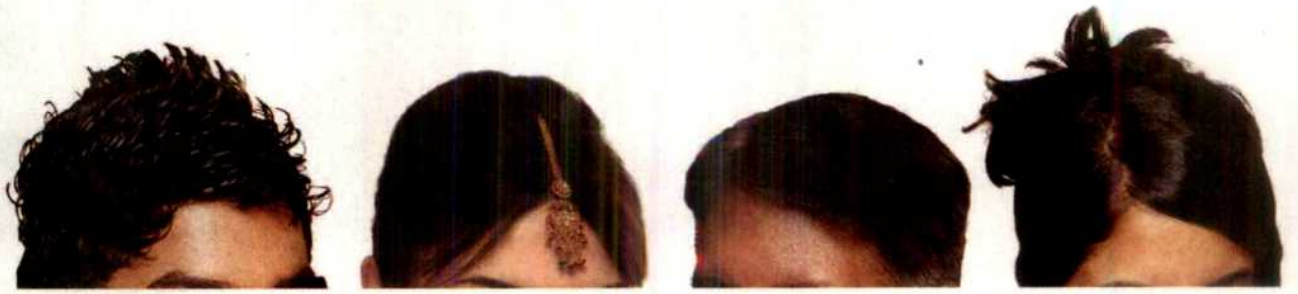
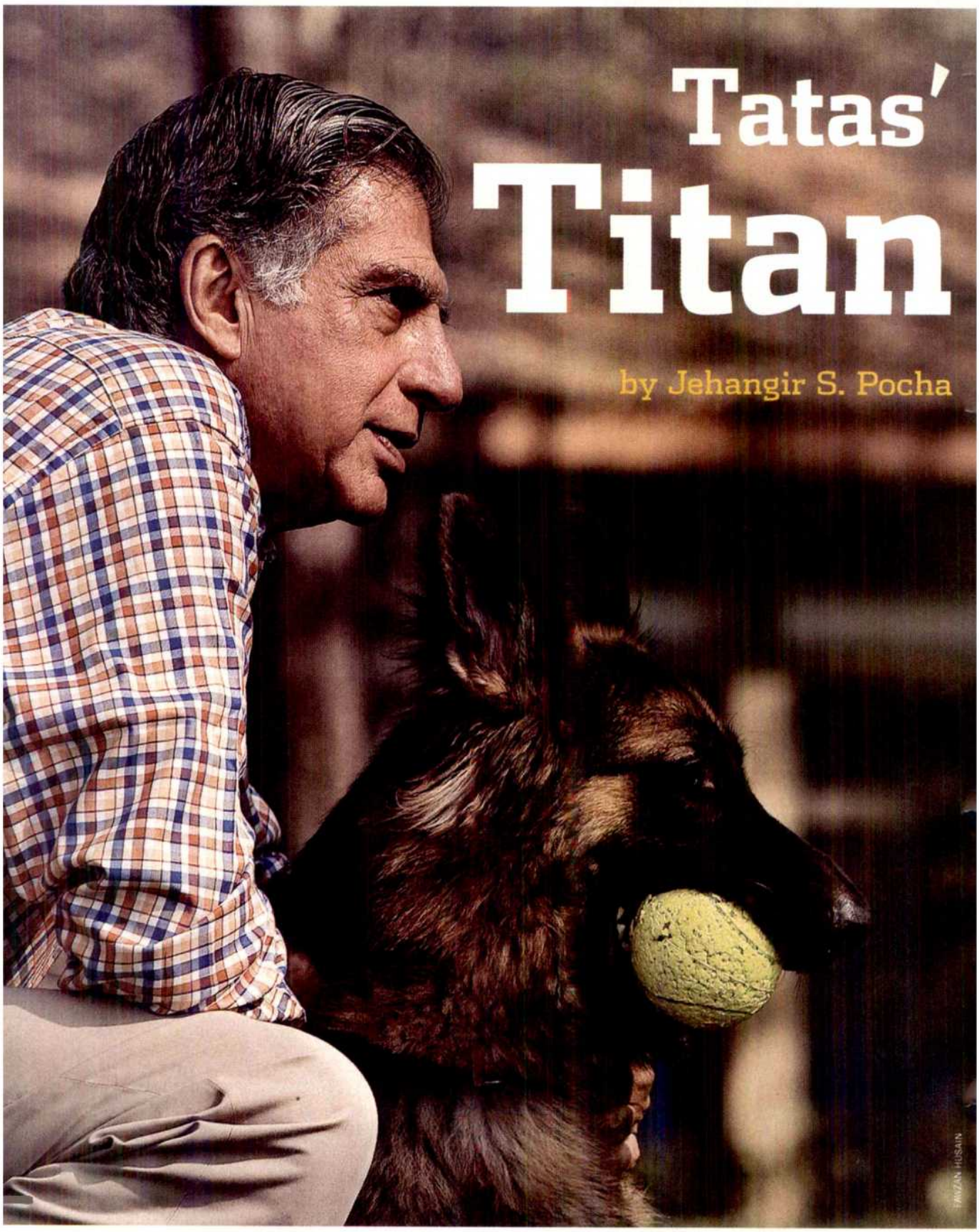


Tatas' Titan

by Jehangir S. Pocha



FAIZAN HUSAIN

RATAN TATA IS HUNGRY. HE REACHES for a canapé from the array of snacks the Taj Mansingh in Delhi has laid out for us but continues talking about Tatas' future plans. With Tata Motors poised to shell out $1 billion to buy Jaguar and Land Rover, it's clear that 17 years after Tata took charge, his appetite for growth is undiminished. Though 71, and just four years away from his self-imposed retirement age, Tata runs nearly 100 companies, working 16-hour days and often flying between four countries in a week. How does he do it? "I sleep well," he says with a laugh, a statement he subtly also uses to underline the clear conscience following Tata values has given him. If Tata, or RNT as he is affectionately known, also has a now quiet assertiveness that was absent just a few years ago, it's probably because his victory over his detractors is complete.

Often denigrated in his early days, RNT's capabilities were honed when he was charged with some of Tatas' worst companies, such as Nelco and Empress Mills. He made them profitable but was criticised for not turning them into industry leaders. RNT's elevation to Tata Group chairman was also considered his predecessor J.R.D Tata's grand error by many. Now, as the architect of Tatas' domestic revitalisation and spreading global footprint, RNT's legacy could outstrip JRD's. Of course, RNT would never say as much himself. But time now allows us, indeed demands of us, to peel away some of the deification surrounding 'Jeh'. Doing so does not strip the icon of his greatness. But it does allow us to acknowledge that at the fag end of his days, JRD had lost control of Tatas. In 1991, RNT was really handed a poisoned chalice when he found himself leading a group of old satraps with vested interests trying to build new businesses using every old trick in the book. That RNT overcame the satraps' prejudice and enmity to transform Tatas into a world-beating organisation will register as one of corporate history's great achievements.

Yet RNT doesn't wear his accomplishments brashly. For our next meeting in Mumbai he arrives from Pune on a commercial flight, eschewing the Tatas' Falcon 2000 executive jets he often pilots himself. He's dressed in a well-worn green checked shirt and khakis, and moves in the controlled manner of a pilot. As people point excitedly at him and wave, he nods back politely before settling into the backseat of a nondescript company-owned Toyota Corolla. The next day, 28 December, is RNT's birthday. Perhaps that puts him in a reminiscing mood. So while driving through Mumbai's frenetic streets on his way to Bombay House, the unassuming nerve centre of the Tata empire, RNT speaks quite frankly of his early days in Tatas. As he tells it, he was the awkward kid at the corporate dining table, the shy son of the 'other Tata', Naval.

Today, RNT looks back on those trying early days somewhat as a character building time. But the hurt is still evident. If one chooses just a few words to describe RNT, 'sensitive' would certainly be one. 'Tough' would be another. In 1983, when RNT's mother, Soonoo, struggled with cancer at the Sloan Kettering hospital in New York, RNT was struggling with caring for her and defining a vision for Tatas. He spent many nights at his mother's bedside writing what became his first strategic plan for the group (read snippets on *www.businessworld.in*). It was remarkably prescient, identifying all those years ago investment opportunities that remain attractive even today, including telecom, IT, financial services, biotechnology and oil exploration. But "when it was presented, two people in particular — Nani Palkhivala, characteristically, and J.R.D Tata, uncharacteristically — both said this is very nice but it will never happen".

A portrait of a man who, ever so silently, turned around an empire with old world values and a firm vision

If RNT's plan went on to inspire Tatas' success when he became group chairman, it's because he never lost faith in his vision. Indeed, foresight has been a hallmark of RNT's moves. While the trajectory of India's economy has contributed much to Tatas' success, RNT's own out-of-the-box thinking and willingness to take big bets, best exemplified by the creation of the Rs 1 lakh-car, have been instrumental in keeping Tatas the largest business group in India. "Daring, garnished with prudence," is how Tata Tea's Vice-Chairman R.K. Krishna Kumar puts it.

Significantly, as under JRD, who RNT says eventually became more like a father to him than his own, the younger Tata has kept his group "deeply nation-oriented", says Tarun Das, chief mentor at the Confederation of Indian Industry. In fact, one of the things that troubles RNT today is how much easier it is for him to invest abroad than in India. "Increasingly, you will find yourself in a situation where established (Indian) companies...are investing heavily outside India and growing. And into India will come the

opportunistic companies of the world," he says.

Failures have also dogged RNT, such as the inability to succeed in airline, pharma and consumer electronics businesses. Though education and exposure allowed RNT to quickly understand the need for Tatas to go global, it took a while to carry his organisation with him. Linked to this is the lack of a strong second tier in Tatas, previously renowned for its iconic executives, from the late John Matthai to Tata Sons' Deputy Chairman Noshir Soonawala and Tata Tea's R.K. Krishna Kumar, some of the very few superstars in the group today. RNT also admits to limited success in getting the imperial pace at Tatas to speed up, though he says the group has "become more entrepreneurial". Still, Tatas have been slow to respond to changing consumer needs and policies. The group has also bungled its telecom strategy, RNT admits, though he insists this is being set right. Lastly, RNT's introverted nature makes him personable, believing and kind-to-a-fault in private, but prevents him from being the Patton-esque general who can inspire troops with oratory and zeal. Privately, many say this has also come in the way of RNT playing a larger role on the national stage and becoming a lightning rod for change in India's governance and policy making.

Where RNT remains faithful to the past has been his commitment to preserving Tata values. Many about him often advise greater 'flexibility', but he refuses to budge, even if it costs him in the short run. In fact, he picks values as the key element for his choice of successor, a decision he implies is two years away. Whoever the successor is, RNT is determined to make sure his or her way is easier than his own was. "The way things work, there would be tremendous pressure to unseat that person," he says. "It should be stated and that person should become known for filling that position and not waiting in the wings."

There is the natural twinge of weariness as he considers the end of his 'term' as Tatas' chairman. There is also a loneliness within RNT that seems unjust for a man who has spent his life creating wealth for millions and spending much of it on the welfare of more millions, through the Tata charitable trusts. They still own 65 per cent of Tata Sons, the group's main holding company. RNT, who has a minuscule personal ownership in the company, has fought hard to keep it that way. Krishna Kumar says that while headlines have focused on RNT's commercial ambitions, they have not examined how "deeply involved he is in the activities of the trusts, to which he gives his most precious possession generously, time".

Such elements of RNT's nature come from the fact that he was brought up by his grandmother, Lady Ratan Tata. Through her, RNT is the last Tata chairman to have been touched by the grace, decency and values that defined India's first business family in the last century. One result of RNT's upbringing — which combined old-world privilege with the need to prove oneself in a new world — is that it has left him with a singular nature. He has many ambitions, but his values prove constraining. He is restless for growth, but uncomfortable with seeming too eager.

Yet, RNT's enduring legacy will be distinctly modern. Perhaps it's his architectural training, but he has meticulously forged Tatas into a web of synergistic and stable 21st century companies that think big and act assertively but responsibly. Beyond the old firms RNT has revived, and the new ones formed out of the1983 strategic plan, by the time RNT's successor takes over, the group will have made impressive forays into horizon industries, such as solar power and electric cars. While RNT once dabbled with imitating the famous GE approach to running conglomerates, he now says confidently that Tatas will "create its own model", distinct and unique. Where it will take Tatas will also determine India's economic destiny.

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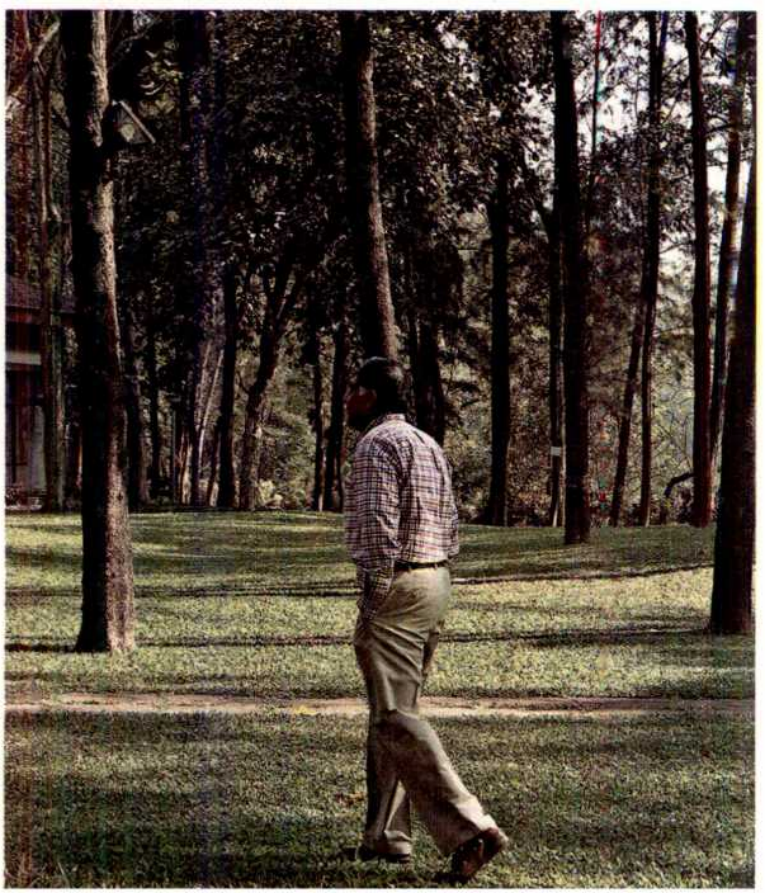


SUBHABRATA DAS

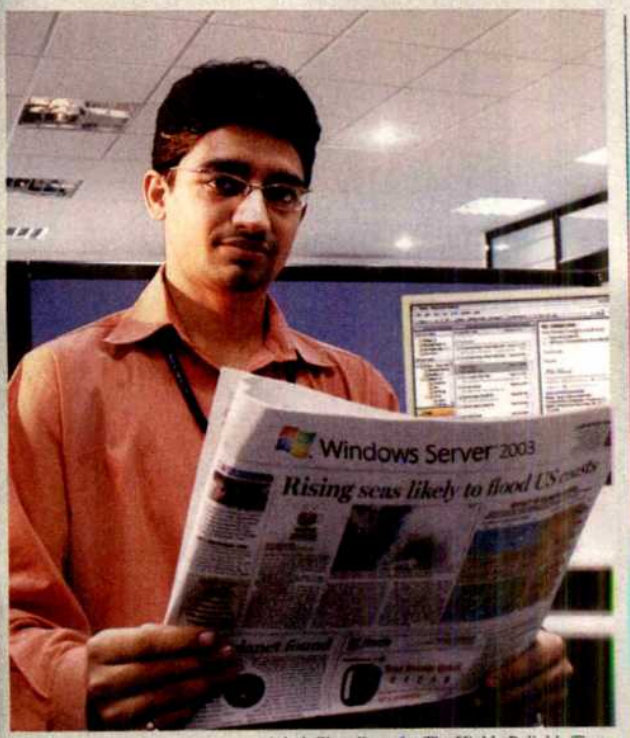
THE LONE WARRIOR
Despite initial setbacks RNT never lost sight of his vision or the grit to go out and achieve it

The Highly Reliable Times

VOLUME 1 – ISSUE 2

Windows Server 2003

WINDOWS CLICKS WITH NET4INDIA OVER LINUX



Ashok Choudhary for The Highly Reliable Times

Net4India manages its multitude of internet based services efficiently with a strong IT backbone.

VALLI SPEAKS OUT:

"Customers are looking for millisecond response times which the Linux and MySQL was unable to cope with. We wanted our Web servers to return queries in milliseconds. This has been achieved by the new application running on SQL Server 2005 and Microsoft .NET Framework 3.0."

- Desi S Valli, ED & COO, Net4India.

Millisecond customer response made possible by a reliable communication platform

By C. LAL

NEW DELHI, Nov. 2007 - Net4India is the leading pan-India IP communications company and the only Indian Internet communications company with service provisioning ability on a multitude of Internet based services such as domain registration, Web hosting, data center operations, business e-mail solutions, Internet telephony services and Internet access services.

Net4India had built its portal on open standards i.e. Linux as the operating system and MySQL as the database. However problems plagued this arrangement, right from slow lead time affecting customer experience to unreliable web environment that required the team to constantly develop updates. Net4India required a scalable, reliable and secure solution to manage its operations

Which is why, Net4India turned to the Microsoft® .NET Framework 3.0 programming model. The Technology team used Windows® Communication Foundation and Windows Workflow Foundation to simplify, speed up and future-proof its applications. More importantly, it provided the seamless, secure, and reliable connection across the e-commerce portal that Net4India was looking at.

"Customers are looking for millisecond response times which the Linux and MySQL was unable to cope with. We wanted our Web servers to return queries in milliseconds. This has been achieved by the new application running on SQL Server 2005 and Microsoft .NET Framework 3.0," explains Desi S Valli, ED & COO, Net4India. The solution was designed keeping in mind enhancement of the user experience and to provide a reliable technology platform for high usage data center environment.

The customers seem to be the real beneficiaries of the improvements that the new Microsoft Windows®-based architecture employed by Net4India brings. For the full Net4India case study plus other independent case studies and research findings on reliability of Windows Server over Linux, visit us at microsoft.com/india/getthefacts

BREAKING NEWS:
Satisfied customers back the secure communication platform

Consistent updates ensure Net4India delivers a secure platform and a long line of supremely happy customers. – *Continued on Page 14*

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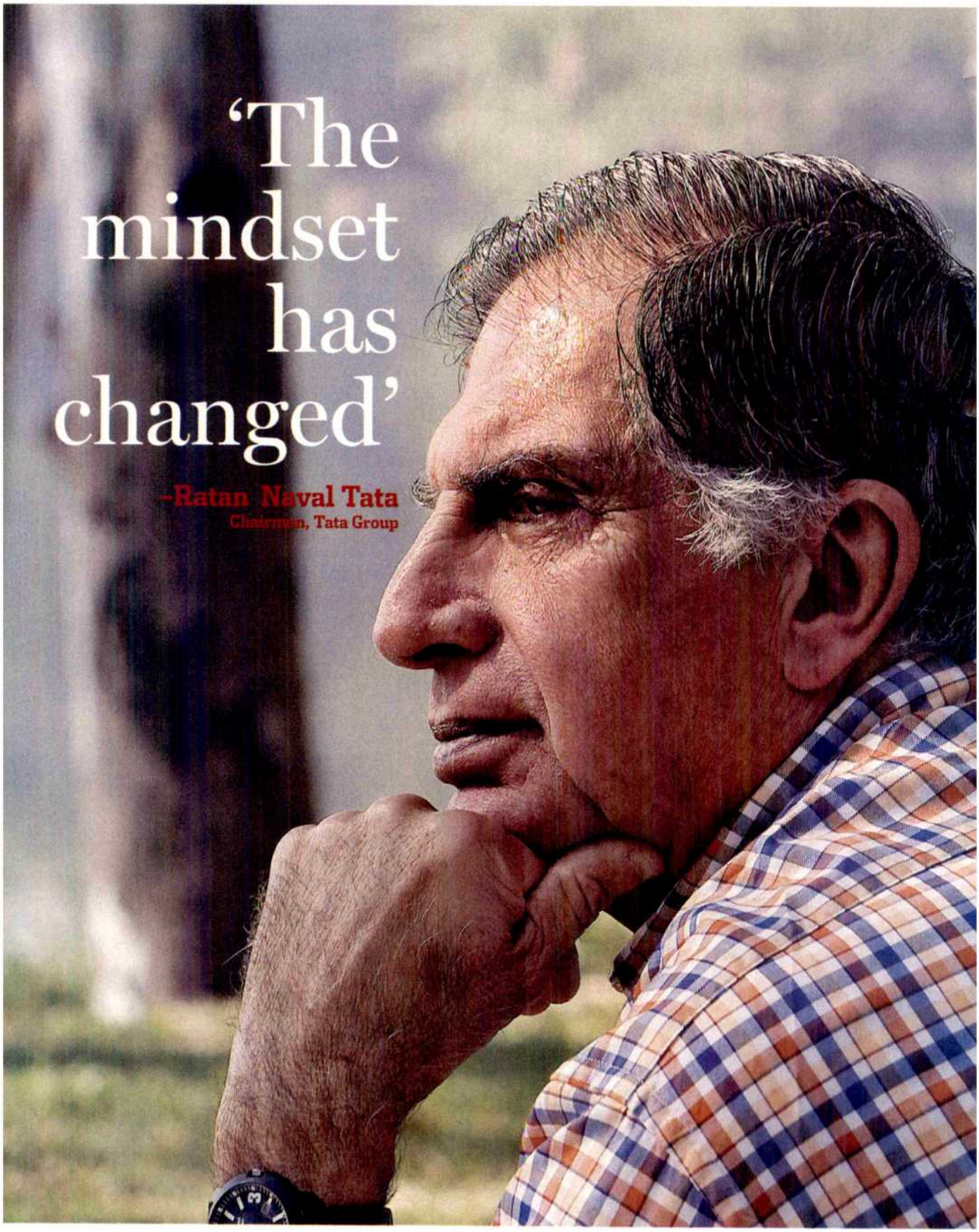

'The mindset has changed'

–Ratan Naval Tata
Chairman, Tata Group

Q: JRD had a huge impact on Tatas but lost control of the satraps, didn't he?

A: You have got to view that in the context of being the chief for 50 odd years; having a team of your people grow with you. I was accused of instituting a retirement age. But there was always a retirement age of 65 years. What did happen, when JRD passed 65, he did not retire and others who were close to him moved with him and when they became 65, they did not retire.

Q: Do you find yourself in a similar situation in terms of succession?

A: I do not want to go out on a wheelchair. Today, if I had a firm successor in place, after the small car is in production it would have been a terrific time to step away.

Q: But the next 4-5 years promise to be great. Why miss that?

A: Yes, there is great satisfaction as one has moved Tata Tea from a plantation company towards a ready-to-drink company. Tata Chemicals is looking at bio-fuels and being the largest soda-ash manufacturer. Indian Hotel is moving overseas. Tata Steel and Tata Motors have great plans. TCS has always chalked out its own path. Importantly, I think the mindset has changed. Now we can take on new challenges like the great over-dependence on fossil fuels. One needs to look at bio-fuels, ethanol, bio-diesel, wind energy and solar. Actually, the (1983 strategic plan RNT created for Tatas but which was rejected) had solar energy and batteries.

Q: What problems do you see in the near future for the group companies?

A: Not all of their succession is very clear and not all the management is deep enough to take care of a sudden death or departure. We are also not doing enough in terms of really generating IPR, really getting involved in true R&D as against just product development. Tata Chemicals is getting involved in nanotechnology. Tata steel and Tata Motors are generating some IPR. But it is very very small. We need to do much more.

Q: How much of a handover will you give your own successor?

A: Realistically, a year to 18 months. It should not be longer because the way things work, there would be tremendous pressure to unseat that person. It should be stated and that person should become known for filling that position and not just waiting in the wings. I know what happened in my case.

Q: What is the one key thing your successor should have?

A: Values. That is one of the issues that makes the question of succession so difficult. The person must maintain our values because they are, in a manner of speaking, the DNA of the group, the crown jewel of the group. You could play the game that others play, and you would probably grow faster and you would probably be more profitable, but you'd be just like everyone else.

Q: Since Tatas are so global some people think of you as leaving India.

A: We have not left India. That is a common misconception. We have a higher level of investment in India compared to overseas. If we take the case of Tata Steel, they have about 30 million tonnes of new plant projects in India — which will take two years, five years, seven years or which may never be cleared. You ask yourself those questions. We believe in six-seven years we can have 30 million tonnes from scratch in this country, if we get captive iron ore and coal mines. But there is uncertainty, so, if there is opportunity, we will go outside India.

Q: Sounds like you go abroad because it's easier to do business there.

A: It is. If we want to set up an assembly plant for motor cars in South Africa, you pick a piece of land, talk to the local government, talk about the rules and incentives, the compliance involved and that's that. The moment you try to do the same here, you are likely to be in the midst of a political tangle. You have little issues all around you that detract you from what you want to do. We all blame the government for regulations but we need to blame the government for letting vested interests manipulate policy to suit themselves.

Q: Will the going global of Indian companies hurt India?

A: I think it will. You will see established companies going overseas and establishing a robust base outside India. And into India will come the opportunistic companies of the world.

Q: I worry that India knows its problems but is not seized with them.

A: Yes. I've often wondered why should you be able to travel two hours to Dubai and have that quality of infrastructure in Dubai, which is a country that some years ago was far behind Bombay. The real issue is that in India

FAWZAN HUSAIN

NERVE CENTRE: Bombay House, headquarters of Tatas

the standards of acceptance at every turn are very low. There isn't pressure to do things on a world-class basis. There are exceptions. You have Sreedharan of the Delhi Metro who is a terrific chap. He stands out as an exception; but you do not have 20 of him.

Q: Frankly, standards of service at the Taj are also falling. In the Indica, the trim, the suspension isn't really great.

A: What I will say is that we refurbished the Old Taj, which was terrible and needed a lot of repair. As far as the service is concerned we have always felt the service is very personal. As far as the Indica is concerned, you'll have to be a little bit accommodating. It's the first-ever car from Tata Motors. So, if you want to make a comparison then go back to Toyota's first-ever car, go back to Hyundai's first car, go back to any of those first cars and then ask is it acceptable or not. It is not an excuse, because you are producing cars in today's market. All I am trying to say is that the next Indica, which will be launched in a few months, will have a substantial difference.

Q: Can a firm making a Rs-1 lakh car have the mindset to market a $1-lakh car?

A: Let me just say that whoever buys Jaguar, whether it be a car company that does not have a car in that range or be it a firm that does not have a car in the first place, it will be folly to try and change the Englishness of the brand in any way. It would be very necessary to let the touch and feel of the whole company remain as it is. Let it be a British company. You know there is a kind of ownership which is not an intrusive ownership. So, if and when we get Jaguar, you are raising an issue that it's a mindset of dealing with a quality product as you said in your article, and can we manage quality and such. But we do not ask that question when the Saudi's own a large stake in Mercedes...

Q: But that is not controlling stake.

A: Yeah, but none of the companies that we have taken over have seen us seeking to change the look and feel of the company by imposing our products or our management style or anything of that nature.

Q: You understand what it takes to market Jaguar. But in India the problem is always down the managerial chain.

A: Yes, it is. It would be false to say it is not. One may not be as successful as one may hope. It takes many decades to build up the mindset and the culture. To change that culture, you have on one hand lip service of change and you have a vast majority who resist that change. So, it not an easy thing to change culture in a group that has 200,000-odd people. Especially with different companies with different traditions and different manners of working, it's difficult.

Q: Can you attract the talent you need to drive change into Tatas today?

A: You know, Tata Administrative Services (the group's elite managerial cadre) was ranked No. 3 in the campus survey that was out this year.

Q: I believe there is talk of taking Tata Sons public...

A: No. It's not something that we are actively considering. There are too many issues involved in this. For example, Tata Sons' majority ownership is with the (Tata charitable) trusts and I think the view is that it should continue. It gives us a holding company with a difference; a holding company where 65 per cent of the profits go back into charitable causes. We all feel that structure should probably not be disturbed. I don't think taking Tata Sons public would serve our purpose.

Q: Was the delay in listing TCS connected to this or was it a strategic move?

A: No. This was totally strategic. I am not at all sorry (about the delay). Would I have been happy if we would have had the valuations twice as much, which became half

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as much? I would have had some degree of shame vis-à-vis the shareholders.

Q: How are your ties with Pallon Mistry (who owns 18 per cent of Tata Sons)?

A: My own relationship with him (Mistry) has been very cordial. By the time I became chairman he had been a great support and a great moderating force on the board and has been very supportive of what I want to do. He has been very understanding. I have appreciated him as a director and shareholder.

Q: So how exactly does Tata Sons run today?

A: For many years, the trusts were not allowed to vote on the shares that they had and the charity commissioner voted on those shares. When I became chairman, we had a funny situation. Pallon Mistry voted on his share and the charity commissioner voted on his, and we (Tata companies) did not have any rights. So I went to the government and said why you don't amend the Companies' Act so that you give us the right to vote on our shares but reserve the right to take it away if there is any malfeasance or misconduct of any sort. They didn't say yes or no but in the recent Companies Act, it did get amended. So once again, we had the right to vote on our shares. So again, we (Tata trusts who own 65 per cent, Tata companies who now own about 20 per cent, and the Tata family that owns a miniscule portion) vote on virtually 85 per cent of the shares.

Q: Many new Tata businesses, telecom, finance, etc. demand connecting with consumers, not a Tata forte.

A: We had considerable consumer orientation that we lost with Tata Oil, which ran itself into the ground. We had textiles, our first business. Voltas was into air-conditioners and refrigerators and white goods long before other people were. But we did not run these businesses very well. I think we focused on the manufacturing and not merchandising of these products. There was also no common branding at that time but now we have put that in place. So the brand equity has in itself changed quite substantially.

Q: Right now the biggest change needs to be in Tata Tele. It could be huge!

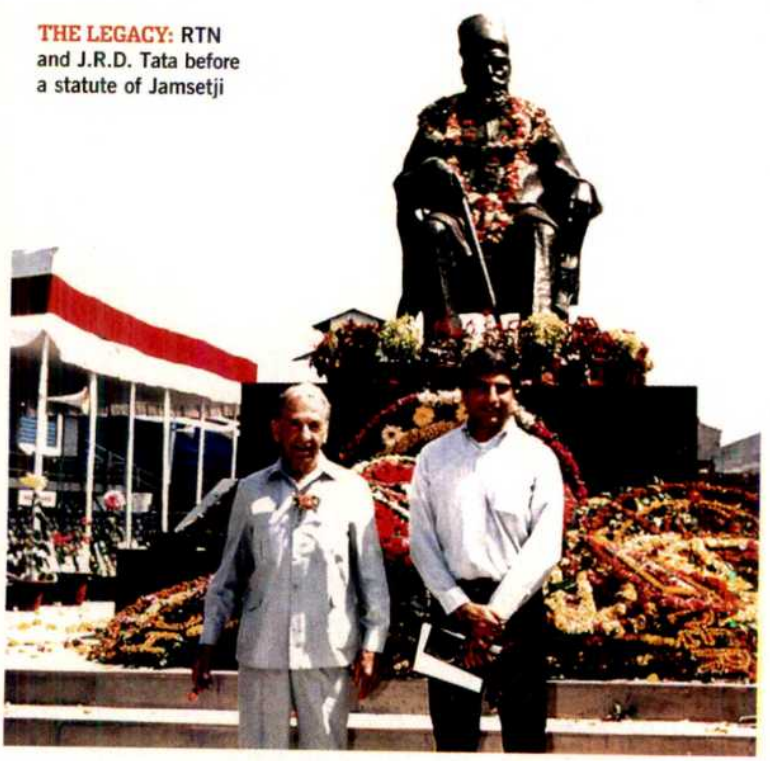
A: I think it is a travesty that GSM players are saying that no one else should be entering the field, and that no new licences should be given. On one hand we have the incumbent government companies that do not want anyone to move forward and on the other hand we have a very powerful cartel of two-three big players. In Delhi, you have the President of CII talking about open markets on one hand and on the other hand trying to ensure that there is no one who comes into the industry.

Q: Tata Tele is fighting hard in Delhi. Is this assertiveness a new trait?

A: I have tried to bring that as a group change. What one has been trying to do is to put people who will do this into those kinds of positions. Tata Teleservices has a sad history. We have had our own problems in terms of wrong CEOs. It's been an industry where you really have to be nimble footed. You need a proprietor watching all the time.

Q: After 17 years, is it still a thrill to see a Tata hoarding and realise how well the group is doing?

A: There is a thrill when you see where it has come, when you see that 50 per cent of Tatas revenues come from overseas, when we are building a series of new businesses in India. You talked of a change in being nimble, and there is that change too. Maybe not as much as one may have wanted, but there is a change. That feels good.



THE LEGACY: RTN and J.R.D. Tata before a statute of Jamsetji

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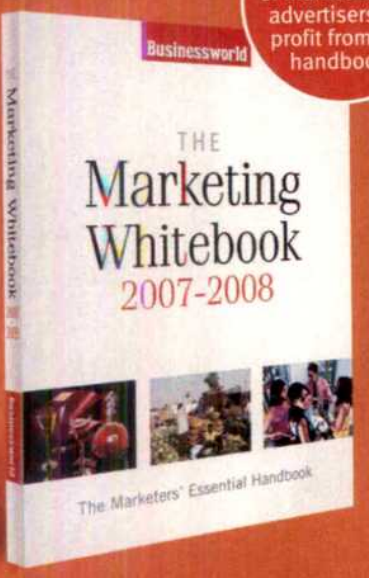

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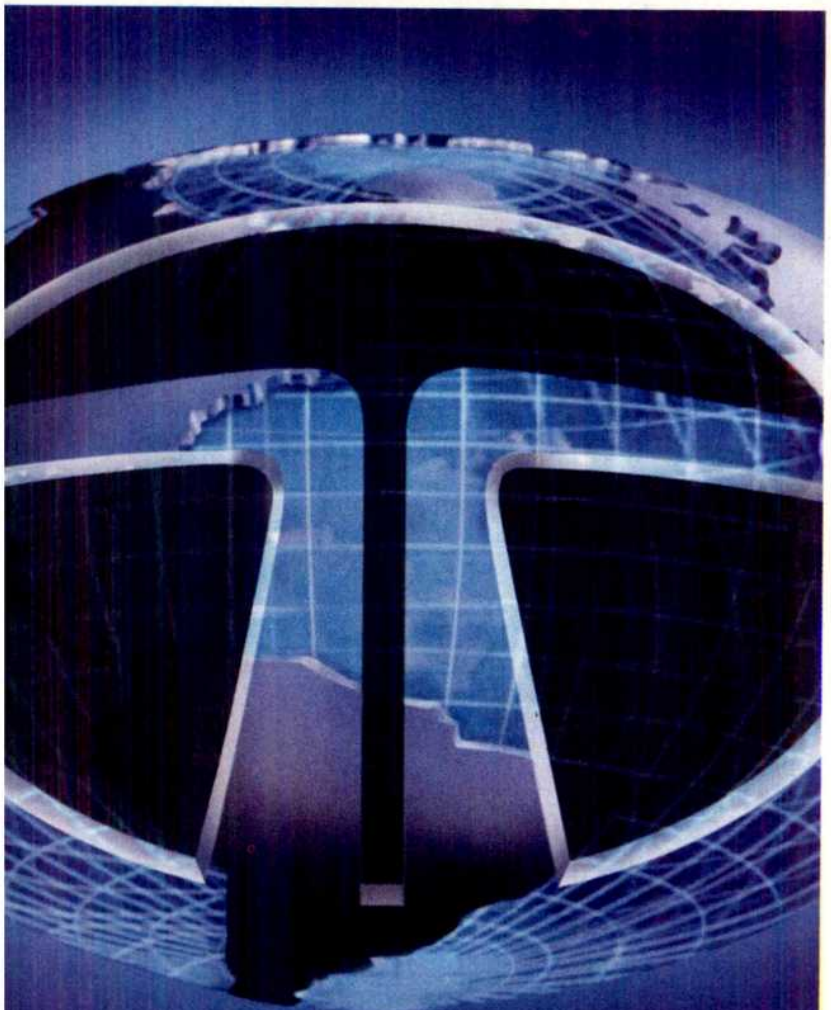

Eyes on the WORLD

by Piya Singh

IT'S A QUIET AFTERNOON ON FRIDAY, the last working day before Christmas 2007, at the Tetley HQ in Greenford, a 45-minute drive along M25 from London. After the traditional Christmas team lunch complete with mince pies, most Tetley staffers have already left for home. Those who remain — the world's second largest branded tea seller's leadership team — are engaged in a tea-tasting ceremony of sorts with Tata Tea's Vice-Chairman R.K. Krishna Kumar. The executives sip, smell and savour endless cuppas, but this is no desultory tasting session. Ladle in hand, Krishna Kumar and his team are analysing the results of a two-year-old integration exercise that will impact the core of the group's tea operations — buying and blending. Developed from scratch, this exercise has culminated in a Common Tasting Language or a new grading system that studies the body, colour, sparkle and density of tea. "There is no better example of integration," says Krishna Kumar, referring to the new system. "We have designed a brand new language for a business with global aspirations that is not just for black tea but for iced tea, green tea and herbal teas."

It's a nice example of how Tatas are finding the synergies between their global acquisitions and domestic companies that some investment bankers said they never would. It's making the $50-billion Indian group a sought-after partner with global firms, such as Ford, which is shortly expected to sell the Jaguar and Land Rover brands to Tata Motors. At soda ash maker Brunner Mond, in Manchester, there is a palpable sense of relief at having become part of Tatas. Not long ago, the company's senior managers thought of growing tomatoes on their land to try and save their company, which had changed hands several times before the Tatas bought it in 2005. Now, the combined company

Growing up as a global brand on a diet of partnerships and buy-outs, Tatas have finally started feeling at home in foreign countries

EXECUTIVE SUMMARY

- Tata companies in foreign countries are busy blending into the adopted corporate culture
- For better brand visibility, more Tata companies will have to go ahead and learn to flourish abroad

is the world's third-largest soda ash producer, with cost-saving advantages that elude many of its competitors. At Brunner Mond's Cheshire plant, a few hours drive north of London, Peter Houghton, the manufacturing manager, proudly shows off an empty concrete platform on the shop floor, where a gigantic cast-iron vessel being fabricated at Tata Chemicals' Mithapur (Gujarat) plant will soon be installed. Not only is aligning operations with Tata Chemicals helping Brunner Mond source cheaper machinery and materials from India, it is also teaching the Indian company not to get "fat and flabby", says Mark Chitty, Brunner Mond's director of corporate affairs.

The Road Ahead

The great challenge for Tatas now is to pull off the same success at the steelmaker Corus, which Tata Steel acquired last year for a staggering $12.1 billion. At the company's headquarters at 30 Millbank in London, CEO Philippe Varin is excited about how the buy-out by Tata Steel will open new business avenues for both companies. "Corus is keen on profitability and not size," says Varin (the company is expecting an improved EBITDA this year). With a view to that, the company is keen to use its tie-up with Tata Steel to grow its high-margin businesses. One way it wants to do this is leverage its experience in the construction industry in the UK into making steel high-rises in India, where developers are still stuck on old-fashioned concrete. As Varin further draws out the roadmap for integration for what is now the sixth-largest steel maker in the world, he's convinced that he's on the same page as far as the Tata Steel management is concerned. For one, he says, Tatas aren't pushy and are giving Corus the space and freedom to take decisions. While the current integration process will combine many operations such as sourcing raw materials, finance and formulating strategy, others such as sales and marketing will be left alone for now. Tata Steel Managing Director B. Muthuraman says both companies are on track to achieving $450 million in cost savings by the third year of integration.

Halfway across the world, in Gunsan, South Korea, Chae Kwang-Ok, the hands-on President and CEO of Tata Daewoo Commercial Vehicles (TDCV), says the integration into Tata Motors has gone even further. While workers at Corus know little about Tatas as a group and Brunner Mond's boardroom still sports portraits of its original founders and not Jamsetji or J.R.D. Tata, Daewoo's workers are infused with the Tata culture and values. Chae loves to talk about it. "When I left for India, a friend gave me *The Creation of Wealth* (a book on the history of Tatas by R.M. Lala)," he says. "After reading it, I knew our company was in the right hands." Chae even translated the book into Korean himself. But making things work at the grassroots was tough. Language was an obvious problem. Some officials admit that the success of Tata Daewoo still rests on the shoulders of the company's interpreters. The labyrinth of culture also raised several previously unpredicted problems that have to be resolved on the fly. For one, most Indian managers who arrived in Gunsan sported moustaches. Korean custom, however, maintains that moustaches are the exclusive domain of emperors and, as luck would have it, thieves. "Since our employees are neither, I had to ask my Indian colleagues to shave off their moustaches," Chae chuckles. Today, every room at Chae's factory has posters in Korean depicting the Tata Group's code of conduct and its Business Excellence model. These, Chae says, have been revised at TDCV's request to reflect the Tata Group's new global flavour. (The older versions referred only to activities in India). The company even has a mini-museum where clean-shaven local vendors and partners are invited so they can trace the Tata Group's history and philosophy through sepia photographs.

All Korean factories hum with concentrated activity and if the Tata Daewoo plant has an extra buzz, it's because exports have grown an incredible 700 per cent since 2003, when Tata Motors bought the loss-making company, which is now profitable. 2008 will be a land-

mark year for Tata Daewoo because it will see the launch of the Tata World Truck; the project is a first major attempt to leverage synergies with Tata Motors. With research & development costs around $300 million, the World Truck will have a far more powerful engine than current Tata trucks with the option of either Euro III or Euro IV emission standards. When the World Truck hits the road later this year, it will take on rivals such as MAN, Scania and Volvo; prototypes are already being tested in both India and Korea. The world truck is set to launch later this year; first in Korea and then, a few months later, in India and across the world.

Significantly, Tatas, who have always been interested in entering the logistics business because of the experience companies such as Tata Steel and truck manufacturer Tata Motors have in the field, could find its global acquisitions moving it closer to this dream. With Corus' and Brunner Mond's expertise, the group could develop an international logistics business with comparative ease.

Managerially, all these companies are also learning to work with each other and leverage the synergies in logistics, supply chain efficiencies and sourcing, and even recruitment. For example, Brunner Mond's Operations Director Martin J. Ashcroft says he's "in talks with Tetley to figure out pricing for different logistics services levels, with Corus to procure coke supplies and even fill up our vacancies in manufacturing," something the three companies would never have done without Tatas.

Global Top Five

Total global revenues of the group: **$10.8** billion

$3.2 billion US

$1.7 billion UK

Source: Tata Group

What's In A Name?

True, a rose by any name would smell just as sweet. But the laws of branding demand Tatas now make the same progress in this area as they have in integrated global manufacturing. It won't be easy. Though the Tata Group now derives 16 per cent of its revenues in the UK, and has leadership positions in the country's steel, tea, chemicals, hotels and information technology industries, it has virtually no brand recognition. "Tata who?" is a common response when locals are asked if they know the group. "We have an increased sense of job security, but otherwise the Tata Group is not really visible," says Brunner Mond's shift manager Mathew Lloyd.

Syed Anwar Hasan, managing director of Tata Limited UK, acknowledges that the group hasn't pushed the Tata brand overseas thus far. "Brand Tata and Brand India have grown together in this market," says Hasan. "When Tata Tea acquired Tetley, the popular perception was that Tetley was bought over by an Indian company. It was only after Corus that connect-

ROOM FOR GROWTH: Indian Hotel's Vice-Chairman R.K. Krishna Kumar

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$670 million	$500 million	$400 million
Thailand	Australia	Singapore

*Figures are revenues of year ending March 2007

ing the dots led to brand Tata." To push the brand aggressively, the group has recently hired a public relations firm, Financial Dynamics, to build its brand through a multi-pronged programme in the UK market targeting the media and other influencers.

"It will take hundreds of millions of pounds of investment" to make Tata a household name, admits Peter Unsworth, Tetley's chief operating officer. He says he's often quizzed by colleagues about the possibility of playing up the Tata brand on Tetley packaging. But for now he's pushing back. Back in Bombay House, R. Gopalakrishnan, executive director of Tata Sons agrees: "Brand building and producing babies are similar — you cannot accelerate the nine months by putting more doctors, gynaecologists and nurses. Similarly, brands will evolve and grow in a certain way and it will take time."

The lack of effort in pushing the Tata name in the UK was perhaps because the country strategy did not happen because of a centralised plan developed at Bombay House. Instead, it was a result of the aggregation of the internationalisation strategies of the many group companies. Indeed, the group has not been successful when it has tried to drive a top-down, central strategy, as was demonstrated by the failure to penetrate an economy like Bangladesh.

"South Africa (a smaller market where the group has a country strategy due to the presence of multiple companies) was the appetiser," says a long-time Tata watcher. "The entrée will be the UK market." Hasan agrees: "In South Africa, the Tatas connected with the common man. Here (in the UK), we are addressing different segments."

Still, Tatas are keen to expand their footprint in the UK in what they have identified as key sectors. So, whether it is Jaguar-Land Rover or another luxury hotel in London (it already manages St. James Court) or the option of buying an investment bank — like Close Brothers, one of the few in the industry still untouched by the subprime crisis and has several small and medium business clients and a car financing arm — the group is continuing on its growth odyssey. The Tata group is also opening a European Technical Centre in Coventry that will work on low-cost automobile engineering solutions and create up to 1,000 new jobs in the Midlands area. This will fit in with the Tatas' plan in the UK if they indeed get Land Rover and Jaguar.

Going *Really* Global

The UK is big, but the US is the mother lode of

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A LONG DRIVE: Tata Motors Managing Director Ravi Kant

the global economy, and here Tatas are quite absent. "North America is the most challenging and competitive market in the world," admits Tata Sons Director Arun Gandhi, the man running the mergers-and-acquisitions show at the group. "We have a long way to go in the US. Going forward, the basic strategy is that the group will internationalise further so that that we are not left to the vagaries of one market."

Some time ago, Tatas were looking at acquiring beverage firm Cadbury Schweppes, which would have given them a decent presence in the US. But the idea has been dropped. Plans to open a mega hotel in Beijing in time for the 2008 Olympics have also been shelved. The important thing, says Gandhi, is not to enter a market for the sake of being in it but because it makes good business sense. "Inorganic growth is given but it will not be cavalier," he says. "Overall, as far as overseas acquisitions are concerned, the same trend will continue. All the group companies put together need a large share of raw material resources. But ultimately it will depend on opportunities and the needs of the operating companies."

In fact, many Tata executives appear defensive about the speed and rationale of their overseas acquisitions. Gandhi even disputes the use of the word "frenetic". "It's not frenetic just because a transaction of a very large size has taken place," he says. "There is a rationale and strategy for all group companies." In part, this could be because of concerns that Tata Steel overpaid for Corus in its excitement to become the world's sixth-largest steel maker. Similar concerns have been voiced in the media and financial community about Tata Motors' bid for Land Rover and Jaguar, with the challenges of managing the latter having foxed and hurt some of the world's best auto companies.

Tatas' Group Finance Director Ishaat Hussain is careful in outlining how, while the group will support and encourage global moves by individual companies, ultimately, the companies need to have their own strategies in place. "The time has come for group companies to support themselves," he says. "The chairman has stated on several occasions if companies come up with credible plans, Tata Sons will stand by them. Hopefully, the companies having got this dollop of capital will reach a scale where they can grow inorganically using their organic resources."

TATAS' GLOBAL FOOTPRINT

They possess some well-known brands, a few more are needed for global recall

Acquiring company	Acquired company	Deal size
Tata Steel	Corus	$12.1 bn
Tata Tea	Tetley	$407 mn
Tata Chemicals	Brunner Mond	$177 mn
Tata Motors	Daewoo Com. Vehi.	$102 mn

Source: Tata Group

At Home Abroad

Still, there is no doubt Tatas' global ambitions will continue, not least for the ironic reason that, despite its 130 years in India, the group finds it easier to do business abroad. "In 2004, after my first Annual Group Managers Meet in Jamshedpur, a manager stood up and asked us, how could we possibly think of going to countries that are so complicated, corrupt, difficult and take so much risk," says Alan Rosling, Tata Sons executive director who is also responsible for the group's drive to internationalise. "I found myself thinking, which one is simpler — Jharkhand or New York?"

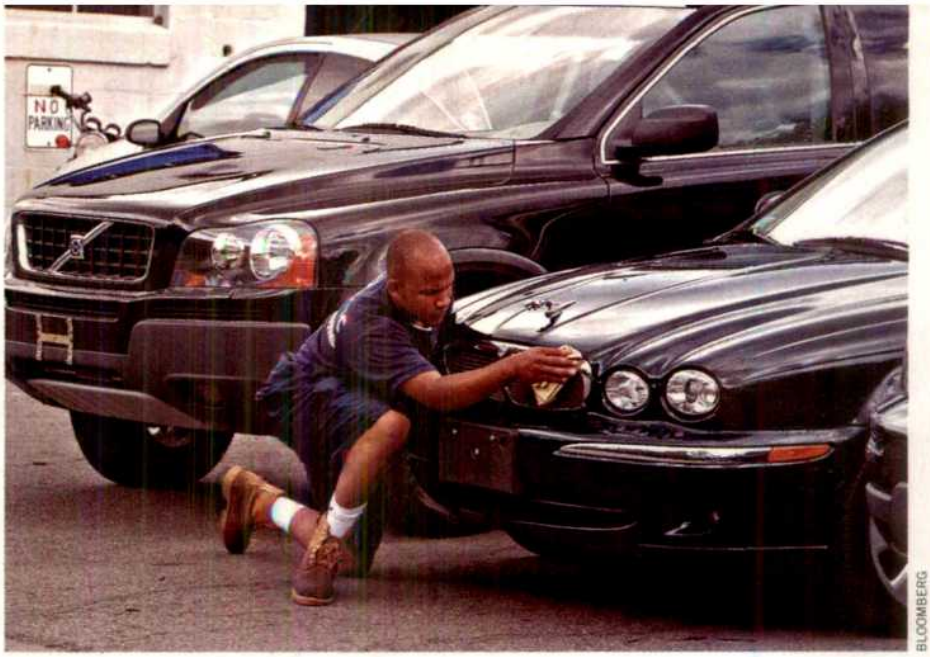
Several of Tatas' domestic growth initiatives have floundered and failed in the face of capricious regulations and India's obstructionist bureaucracy. If India is really as reformed as the finance and commerce ministries like to claim, Tatas would be running airports and a domestic airline, and be one of India's largest mobile phone service providers. If Tata Steel had been allocated the coal mines it needs and had its expansion plans in Gopalpur, West Bengal and Jharkhand been cleared, it might already have been as big as Corus.

If setting up power plants did not involve as much politicking and corruption, which Tatas steadfastly refuse to engage in, Tata Power would have been the largest power company in the country, moans Anil Sardana, a director on the company's board. Sardana, who is also CEO of Tata Teleservices, is currently warring with New Delhi's telecom ministry, which has one of the most bizarre telecom policies in the world, he says. "In no other country does the amount of spectrum a provider gets depend on what technology they use, GSM or CDMA", says Sardana. "The system is completely being controlled by some vested interests... If Tatas fail in telecom here, we won't give up; we'll just go overseas."

"It's also a matter of survival," says Tata Sons' Rosling. For a group that earns close to 40 per cent of its revenues from global markets and is expected to cross 50 per cent this year, has made 36 global acquisitions both big and small since the year 2000, employs over 65,000 foreigners from 50 nationalities, and is present in 85 countries across six continents, growth from global operations is key to its future. So whether it's hotels, steel, tea, software, automobiles or

chemicals, the operating companies are looking at setting up shop in new geographies in search of new markets, new sources of raw materials or even to obtain new skills and capabilities.

For instance, Indian Hotels, reinvigorated after its spat with Orient Express Hotels, is keen to establish a presence in Paris and Rome, and is even exploring possibilities in East European destinations such as Budapest and Prague. The hotel chain, which has not built critical mass in key overseas markets, is clear about its intention to build a presence in the gateway cities of the world. "It's about identifying the gateways first that will result in the flow of business back to the home market," says Vice-Chairman Krishna Kumar. "From these key markets, we can cover different regions. For instance, from London we can look towards Rome and Paris."



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READY TO SPEED UP: Acquisition of Jaguar and Land Rover will add to Tatas' brand aura

Hungry For More

Tata Tea is reportedly on the lookout for another acquisition overseas after it was forced to sell its 30 per cent stake in US-based enhanced water maker Glaceau to Coca-Cola Co less than a year after making the investment. While Tata Tea made over $500 million in the process, the company is hungry for an acquisition in the health and wellness space, especially one that will give it a foothold in North America. Analysts say that since the company has got out of the tea plantations business, its recent acquisition of Himalaya bottled water shows it is looking to enhance its branded products portfolio.

Several other Tata companies have similar ambitions and these are not just limited to acquiring mainstream business. After buying Brunner Mond, Tata Chemicals is now keen to bolster its backend operations by acquiring natural soda ash in new geographies, says company Managing Director Homi Khusrokhan. Similarly, Tata Steel recently bought coal assets in Mozambique and is on lookout for more raw material sources worldwide.

Apart from Tata Tea, Tatas' other consumer-oriented businesses also have global aspirations. Titan Industries, which once burnt its fingers in Europe as it lacked the "Swiss-made" stamp, is now looking at entering competitive markets such as the UK with different product lines. "We are going into the US with our jewellery line and while we don't want to make a big splurge upfront, we have a well thought-out entry strategy," says Hussain, who is also chairman of the company.

Difficult? Well, yes. Currently, Tatas have only one company that is 'really' global — Tata Consultancy Services (TCS), the country's largest software services firm. Its domestic revenues are less than 10 per cent of its total, and it can play a unique role in the Tata Group's global play. The company has already planted the Tata flag in 47 countries.

"Be it Latin America or China, we have large critical projects in these geographies and can be the flagbearer for the group in case new Tata initiatives, such as the small car, are keen on those markets," says Phiroz Vandrevala, TCS's executive director. Whether TCS itself makes a big acquisition overseas is yet to be seen but Vandrevala is of the opinion that the stockmarket might not favour this. "Our margins are about 23 per cent compared with 10-15 per cent for our western counterparts," he says. However, TCS is enjoying the synergies of internationalisation by working with VSNL. It is in talks with Corus for its IT business and, in fact, has been prospecting them even before the Tata Steel deal came through. In the UK, large TCS deals with prominent companies such as Pearl Assurance, the National Health Service and British Airways can help popularise the Tata brand further, feels Hasan.

And as the brand gets more visible, 18 Grosvenor Place — Tata Ltd's office since 1907, the only group office in the UK with portraits of JRD, Jamsetji Tata and Sir Dorabji Tata gracing the lobby walls — may not be the only Tata office where the Tata heritage is on display.

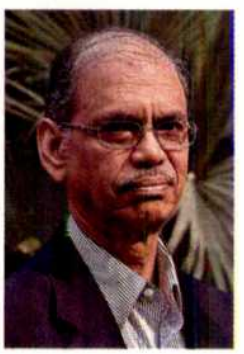
With inputs from Pierre Mario Fitter

piya.singh@abp.in

Modern Globalisation

by nayan chanda

EVEN A CASUAL OBSERVER OF WORLD FINANCIAL markets will have noticed that localised events often have much wider global ramifications. The collapse of the US subprime mortgage market produced a 'credit crunch' that forced some of the world's largest financial institutions to write down billions of dollars and eject their chief executives. News earlier this year that a patient with contagious tuberculosis infection was out on international travel caused worldwide scare. The health and economic fates of many, thus, depend on the ebbs and flows of modern globalisation. One in which wealth can be created and destroyed in seconds, and in which ideas, information and products can be quickly and cheaply disseminated to the furthest corners of the earth, and an uncontrolled, contagious pathogen can wreak worldwide havoc. In this sense, we are all bound together by globalisation, a much talked-about but little understood phenomenon that has polarised opinion from Davos to Dhaka.



Historical interconnections between communities worldwide have multiplied manifold in recent times

With the collapse of the USSR, the ideological fault line lies along globalisation, broadly dividing the Left and the Right. The division is not unreasonable as modern globalisation involves rapid expansion of capitalism — and its problems. But an economic- and business-based explanation of the phenomenon is like accepting a blind man's description of the elephant as a leathery column with big toes. As I have argued in *Bound Together: How Traders, Preachers, Adventurers and Warriors Shaped Globalization,* globalisation is best understood in its long historical context. The first steps involved homo sapiens leaving Africa and acquiring different shapes over many millennia. Ever since they developed different lifestyles and cultures, an enduring historical trend has been the desire to connect with each other. That process has accelerated, and created an interdependent world in which we take for granted our global tastes in music, film and even food.

While drinking Indian tea or Colombian coffee, one never considers that only a few hundred years ago there was no tea or coffee in either country. Kiwi fruit grew in China, not New Zealand. Before Portuguese and Spanish traders introduced Mexican chilli pepper (called chile in Aztec) to Asia, there was no hot curry or sizzling Sichuan dish. Imagine a time when Ireland and Russia had no potatoes, Italian pasta had no tomato sauce, and Cuba, no sugar. Not only food and beverages, but spices and condiments, and also the most common products — from paper to paperclips, guns to porcelain — owe their spread to globalisation. It took hundreds of years before Chinese paper-making technology reached the West or India. Now globalisation delivers the latest model of iPod to any part of the world within days. A curse of early globalisation — bubonic plague — took 80 years to spread in Europe; in 2003, the SARS virus, transported by passengers on jet planes, reached three continents in as many days.

Although the motivations behind the transfers are essentially the same, the rapid transportation of goods, services, information and culture has created a new dynamic. Instant communication means that all socio-political and economic impacts of interconnections are in plain view of the world's public, including the poor and marginalised. When thousands of Indian weavers, once champion exporters, were displaced by the Industrial Revolution, few knew, or cared, about their plight. Today, the decision of multinationals to lay off workers in the US and hire thousands in India hit the internet instantaneously and provoke outcries.

Another driver of globalisation has been migration. War, famine and the search for a better life have led thousands to leave their homes. Earlier, they faced many obstacles, but not high barbed-wire fences and border guards. Still, the process continues. Emigrants remit billions of dollars home, closely tying their economies to the world. On the other hand, the presence of large unassimilated minorities in the West also provokes xenophobic sentiments.

This column, to be published fortnightly, will explore the many facets of globalisation manifest in different aspects of life. By showing the interconnections of the forces of globalisation, the column hopes to help understand them, and point to the dangers and opportunities they bring. Whether we like it or not, humanity is bound together by invisible threads of connections born of the aspirations, desires, fears and ambition of billions of people. Despite our differences, we are fated to sink or swim together.

The author is Director of Publications at the Yale Center for the Study of Globalization and Editor of YaleGlobal Online. boundtogether.bw@gmail.com

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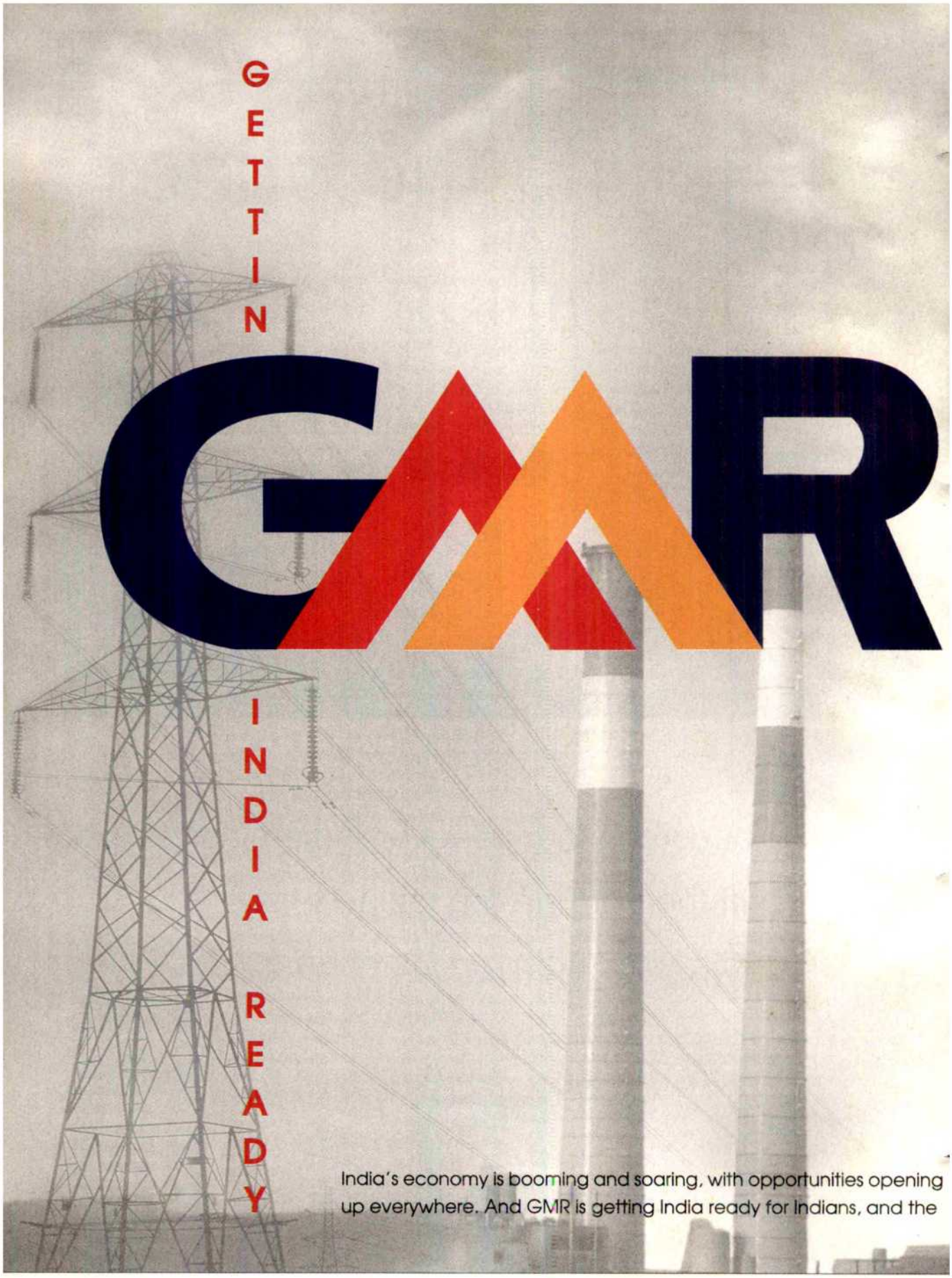
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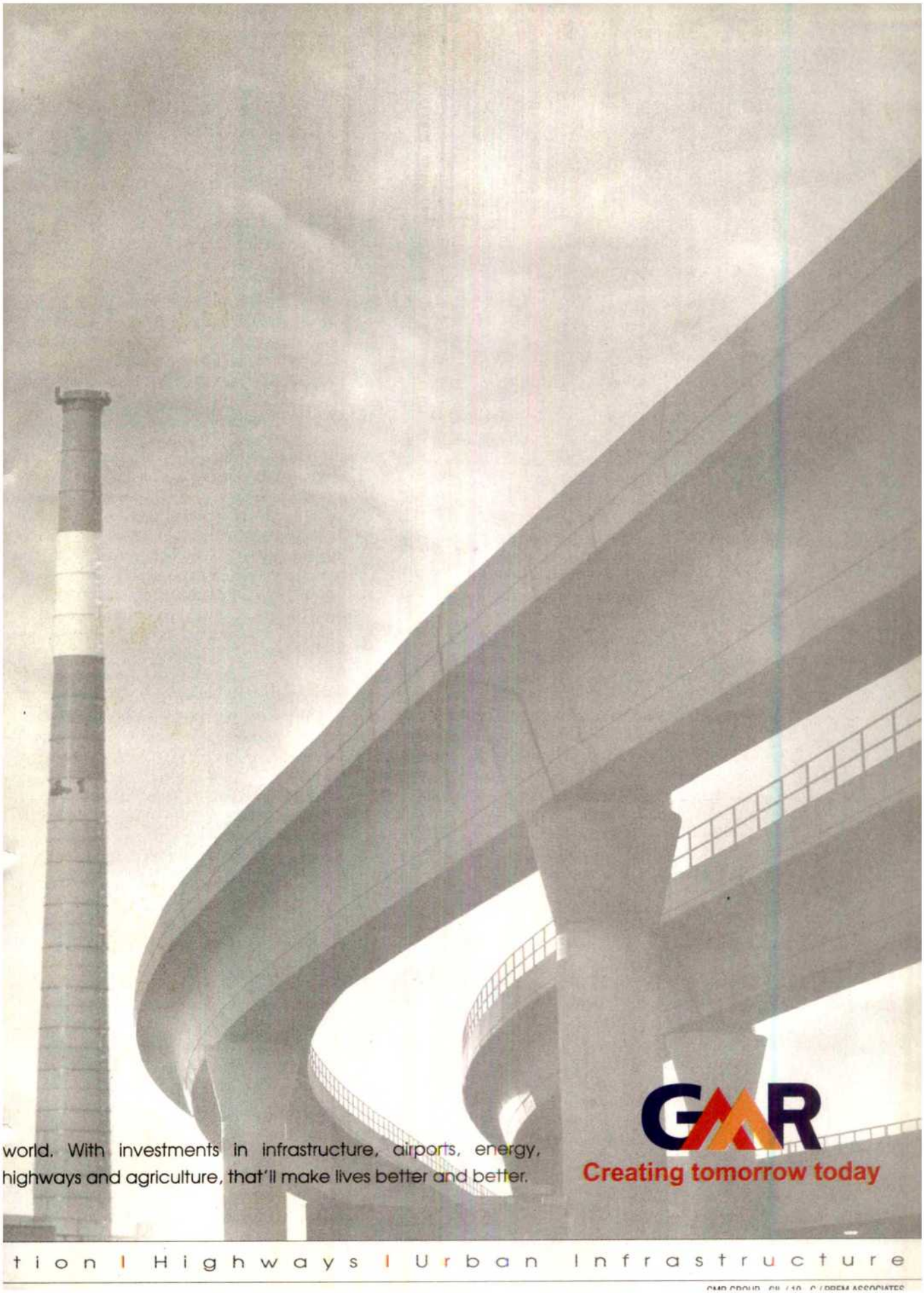
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In Conversation

'India can build an airplane'

–James F. Albaugh
President & CEO, Boeing IDS

THE BOEING COMPANY'S INTEGRATED DEFENSE Systems (IDS) division accounts for half its global revenues. It made its most serious move towards tapping the defence procurement market in India — one of the world's largest importer of weapons — with a commitment to invest $1 billion over 10 years in manufacturing and sourcing capabilities with Hindustan Aeronautics (HAL). *BW*'s **Jehangir S. Pocha** and **Rajeev Dubey** met with Boeing IDS' President and CEO **James F. Albaugh** in New Delhi to ask how significant that is for India to create an ecosystem for an aerospace industry in the future. Excerpts.

Q: Have you concretised the exact nature of the tie-up with HAL?

A: Part of the agreement with HAL is that we will get proposals from them, help set up the process with them, work through the first articles with them, and they will produce these materials for years to come. Over here, we think that using HAL's expertise, we can manufacture products that we can export to the US and around the world. So, there is a business case for doing this. In terms of specific sub-assemblies and parts, our team is working with HAL to identify them.

Q: Any products that you think have the possibility of making it?

There is a very good chance for the sub-assemblies of the F-18, P-8 and C-17 aircraft and for our Chinook and Apache helicopters.

Q: Could this be one of the planks to position the sale of F-16/F-18 aircraft to India?

A: We are doing this though we don't have any contracts in India. It will most certainly take care of some of the offset obligations that we may have. But we are doing it more as a business case and not to satisfy offset requirements. There are no strings attached to this. It has no contingencies. And we intend to go forward with it.

Q: Do you see any of the Indian facilities supplying to any part of the world?

A: A majority of the sale of our products, such as the Chinook, Apache and the F-18 and C-17, go to the US. We aggressively try to fulfil customers' needs around the world. Right now, about 8 per cent of what we produce is exported. We believe that's going to grow to about 17-18 per cent over the next five years. We continue to look at where we are going to see growth at a higher rate than the US Department of Defense and we think that international growth will be at a higher rate. We also think that the Indian market space is going to grow at a higher rate.

Q: Have there been any discussions with the government here on the ISRO satellite project or the space shuttle or the moon expedition?

A: I haven't had any discussions here about space programmes. I won't be surprised if some of our people have. One, my sense is that the threat environment here is well understood. Two, they want self-sufficiency in defence and a local defence industry that supports such self-sufficiency. Three, over the next several years there are going to be some important and meaningful procurements. Four, they are very focused on lifecycle costs and the value of the programme, not just the low price.

Q: Do you think that in the next 10 years, the US would be able to replace Russia as the primary arms supplier to India?

A: That is not something on which I can take a decision.

Q: But what's your ambition? What part of the pie would you like?

A: We want to be seen as a global company, not just of the US. We see opportunities in the region of $10 billion-15 billion in the next 10 years. If we look at the match between requirements and what Boeing does in terms of defence, I think there is a good match. I don't think we are looking at replacing anybody. I can tell you, it's never been discussed.

Q: A large part of self-sufficiency is about manufacturing yourself. Would you allow that?

A: Absolutely. We've done that in the past in a lot of countries. We would like the tax dollars to be multipliers in their countries. As I see it, once these programmes are completed, they don't want a bunch of hollow buildings. They want to have an indigenous capability going forward where they can be more self-sufficient. The next generation of weapon systems will probably be designed and built here. And we'd like to think that we've had an opportunity to help develop that capability.

Q: Are there any players in the private sector here that you have looked at or talked to more closely than others?

A: I am not going to talk about who we talk to more closely than others. But we've had a number of conferences here with a number of aerospace companies and companies that would like to be in the aerospace business. We've talked to them about our capabilities and requirements. Clearly, for some of the competition we're going after, there will be a huge offset obligation. But we're going to do that. We've been doing that for years. We have met offset obligations worth $27 billion in 30 different countries.

Q: What's your take on the competence in this field?

A: If you look at the landscape, aerospace manufacturing in India is limited.

Fast Facts

Established
1939

CEO
Jim Albaugh

Headquarters
St. Louis, US

Revenues
$32.4 bn (56% of Boeing's revenues)

Employees
72,000 (48% of Boeing's staff)

Business
Weapons, aircraft, surveillance systems, missiles

Key products
Space station, shuttles, F/A-18 aircraft, Navstar GPS, Delta rockets, satellites

Certainly, HAL is the pre-eminent aerospace manufacturer. In the private sector, it's limited, but there are some pockets of capabilities. If you have an understanding of process and we can bring discipline to processes over time, I think you can put a capability in place. Is it going to be an easy thing to do? It wasn't easy in Saudi Arabia, or South Korea, or Australia, but with smart people working together, you get it done.

Q: We spoke to some people in the defence ministry and their feel is that this deal is peanuts. What is it, about $100 million a year? If you look at SIPRI's [Stockholm International Peace Research Institute's] details of arms purchases, India has consistently been in the top three for the past two decades. On an average, we're probably the largest arms buyer. They're saying that we're not going to give this away so easily. So there is a resistance in Delhi. Do you feel it? Do people say this to you? That this is, sort of, the Holy Grail of defence.

A: I'm not sure if it's the Holy Grail of defence. It certainly is a market that we want to be part of. There's a healthy scepticism about commitment. There isn't a huge capability here. And until you develop the capability, nobody is going to come and put in large amounts of money in it. We understand what it takes to build an aerospace industry better than anybody. And it's even harder for a company such as Boeing to do a very quick ramp-up. You have to develop the people, the tools, and develop the expertise. And that's what we hope to do working with HAL. Not to say that they don't do that. They do. A lot of the other private sector announcements we will make have similar objectives.

Q: Do you get the sense that we buy a lot and so, we're going to negotiate and ask for a lot?

A: Already, they're asking for a lot and we feel that we could meet those requirements. I would not be here if I thought we couldn't.

Q: It seems like it's a pretty stiff offset. What do you say?

A: It's a 50 per cent offset requirement. And we think we can do that. There's the nuclear deal. It's on the table. Do you follow that? Everyone talks of the sub-text of overcoming suspicion.

A year or so ago, I would have said it's extremely important. Today, I'd say it's important. But more important than that is the relationship that's being developed between industrial partners in India and the US, which is growing stronger every day — the Boeing Company, GE, Microsoft... you can go on and on. It's those relationships that are going to link the futures of our countries to the point where regardless of what happens to the nuclear accord, we're going to be drawn closer together than be apart. Announcements like ours with HAL are industry-to-industry deals, not country-to-country deals.

Q: Have there been any discussions with any Indian company about developing an aircraft? Or, have they approached you for licensing?

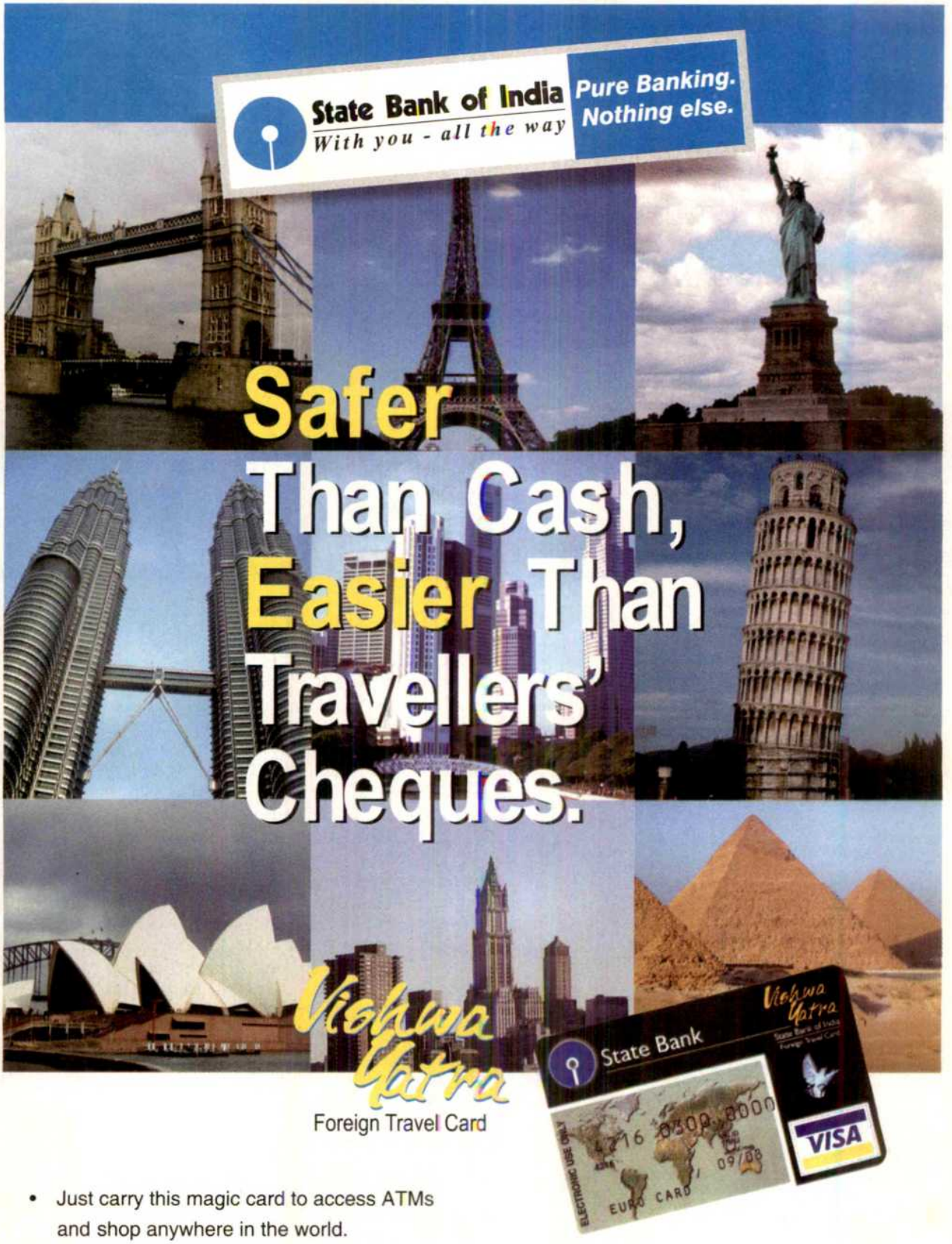
A: We've talked to hundreds of different companies here. I'm not going to talk of who they are specifically. If we win, we're going to make those announcements. But we're not ready to make any announcements yet.

Q: There are a set of people in China who are planning on building their own airliners and partnering with other Asian countries. There's a sort of nationalistic underpinning to this. Do you see that happening here — with two aircraft manufacturers of the world?

A: I know the barriers to entry are high. I'm a silent observer of that. Clearly, China is going to be a huge market. They have the national resources. They have the engineering capabilities. And it does not surprise me that they have aspirations to build an airplane. It's a hard thing to do but they are a patient country. I'm sure they'll eventually get there, if that's what they decide to do.

Q: What are your views on the Indian space plans?

A: As much as I love the concept of human space flights, I have a hard time believing that there's a real need to do that. Unmanned space exploration is certainly the more economical thing to do. Human space flight certainly appeals to our sense of adventure. We did the moon launch and it took 3-4 per cent of NASA's budget to do that. You have to rank India in the top four or five countries with satellite technology. They have developed an indigenous satellite capability. The fact that they are actually testing a missile defence system says a lot about the technology they have. If you can do all of these things, there is no reason to think that you can't build an airplane. There's probably nothing more complex than a satellite.



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2008 is going to be a watershed year as **sports** turns into a full-fledged **industry**

Big Game

FEROZ AHMED

IN 2008, SPORTS WILL BE TO INDIAN BUSINESS WHAT RETAIL WAS IN 2007. The uber billionaires and their companies are on the drawing boards to work out their strategies in this emerging arena. Those planning to buy their tickets into this field of fortunes include Mukesh Ambani, Anil Ambani, Sunil Mittal, and Kishore Biyani.

"Sports has become a full-fledged industry in its own right. In India, today, sports is no longer a leisure activity to be played or watched at one's convenience," notes sports broadcaster R.C. Venkateish, managing director of ESPN Software India. He points out that media explosion has taken sports into people's homes, workplaces, and even their mobile phones.

Investing in sports for profit and capital appreciation will be one of the key trends in sports in 2008. The Indian Premier League (IPL) for 20:20 cricket will be the catalyst. Already, investors have started approaching private equity firms for funding acquisition of IPL franchises to teams. Infrastructure and sponsorships are other areas of keen interest.

"There are many big business houses, including Reliance, that want to own sports teams and academies now," says Samir Thapar, owner of JCT Mills Football Club and long-time patron of sportspeople such as ace shooter Jaspal Rana.

Also, global sports brands will come to India to sell their image rights and find sponsors. For instance, Wimbledon has given a license to Gitanjali Jewellers to use its name to brand the latter's retail stores in the US.

Also, the 'property-fication' of sports, started by the ESPN Star Sports-Indian

The Big League

Play for the prize: India's richest sporting events in 2008

Event	Prize Money
ICL 20 20 Championship	$4 million*
Indian Premier League	$3 million
Emaar-MGF Indian Masters#	$2.5 million
Johnny Walker Classic#	$2.5 million
Hero Honda Indian Open#	$500,000
Chennai Open Tennis	$436,000
Kingfisher Airlines Tennis Open	$436,000

*Estimate #Golf tournaments Source: *BW* research

BW

NEW HORIZONS (clockwise from top): Premier Hockey League match; Malaika Khan performs at an ICL Twenty20 match; Chennai superstars celebrate their win in the finals of the ICL Twenty20 league; and Shah Rukh Khan and Priyanka Chopra at a Tag Heuer polo match

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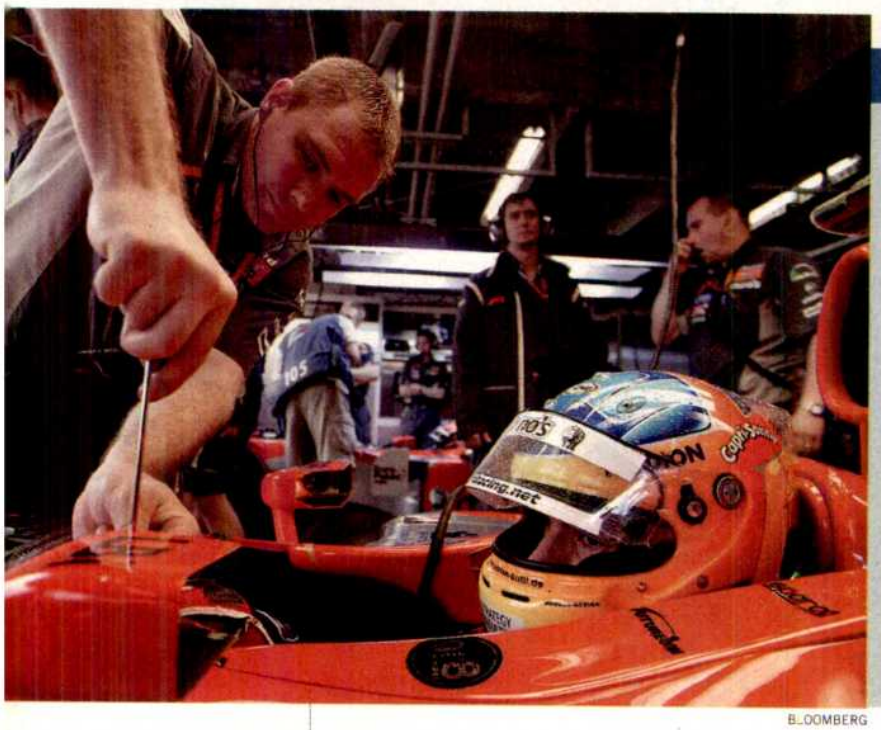

BLOOMBERG

NO SPEEDING FINE HERE: India's first Formula 1 car race will be held in 2010 once the planned F1 track is completed in Greater Noida

Gathering Steam

Key trends in sports business in India in 2008

- Cricket will become a bigger sport with more events and more money
- Football will see the biggest gains through international deals
- Golf will get a fillip with European tour events coming to India
- Tennis will continue to see incremental growth
- Motorsports will get a fillip with an Indian team on the F1 circuit
- India's domestic sport will go global with imported players and worldwide live broadcast
- Overseas sporting organisations will tap Indian companies for sponsorships and will market their image rights in India
- Indian sports entrepreneurs will buy sporting properties abroad

Source: *BW* research

Hockey Federation combine in the Premier Hockey League (PHL), and followed by Zee's Indian Cricket League (ICL), will be taken to another level by the promoter of IPL, the Board of Control for Cricket in India (BCCI). Instead of merely hiring players for different teams such as ICL, BCCI is selling ownership of the teams themselves to the highest bidders.

Dil Maange More

To meet the needs of the growing sporting market, more sports properties will be created. ICL has announced five tournaments in 2008. IPL itself will add 44 days of cricket to BCCI's already extensive domestic and international fixtures. In golf, India will host three new events from the European tour for the first time. European football clubs are likely to start touring India to play exhibition matches from this year.

Paradoxically, such convergence of sports and entertainment will be accompanied by competition between sports and entertainment as well. At one level, sports and movie producers will increasingly use each other to promote their own properties — Kareena Kapoor danced at the ICL inauguration and Shah Rukh Khan appeared in the commentary box when his *Chak De* and *Om Shanti Om* were released. At another level, sports will attempt to replace soaps as prime time TV entertainment, and occasionally even replace movie shows in theatres.

According to sports marketing consultant Navroz Dhondy, in 2008, marketers' spending on sports will jump at least 30-40 per cent. "There will be a greater inventory of high profile, high-interest sports available to marketers in India this year," he says.

Conventionally, both public and private enterprises have funded sports as part of their corporate social responsibility (CSR). The new sports entrepreneurs are, however, looking at running sports teams and events as business.

Just Did It

Thapar gives BCCI credit for turning sports into a modern, global business. "The BCCI has done a great job by getting money into the game and has shown others how it can be done," he says.

Lalit Modi, chairman of IPL and vice president of BCCI, says that IPL has modelled itself after the English Premier League (EPL), the top football league in England. "Though a domestic league, IPL will be a global business with global investors, global players and a global broadcast," he says.

EPL, Modi's ideal, was started in 1992, and has since transformed English domestic football from a provincial sport played on beach-like pitches in half-empty and rickety stadiums to an international phenomenon. Billionaires from the world over queue up to buy English football clubs. Among them is steel tycoon Lakshmi Mittal, who has picked up 20 per cent stake in the once-glorious club of Queens Park Rangers. Mittal and his partners would be hoping to emulate Russian billionaire Roman Abramovich, who infused funds and turned the also-ran Chelsea FC into a champion club.

According to *Forbes*, the Chelsea team was worth $339 million in 2004. By early 2007, after two Premiership titles, its value had risen to $537. The BCCI, which is run, like nearly every sport in India, by a motley crew of politicians and bureaucrats, now has IMG, a global sports management firm, to study the professional sports leagues in the US and Europe and model its IPL business.

"The IPL by itself is a whole new business model for sports in India," says Balu Nayar, managing director of IMG India. "There are a number of conceptual innovations here — revitalisation of a domestic sport through globalisation, entry of true market forces into sport, corporate team ownership on a global scale, the licensing of Indian brands, etc," he explains.

IPL's inaugural season of 44 days and 59 matches of 20:20 cricket is scheduled to start on 18 April, 2008. But even before a ball is bowled, BCCI would have made close to a billion dollars from selling teams, team and league naming rights, and broadcasting rights.

In contrast, Subhash Chandra's Zee Group is spending millions of dollars of its own to put up cricket events, and hopes to make profits from sponsorships, advertising, and merchandising.

For each of the eight team franchises on sale, BCCI is demanding a minimum of $50 million. It may get much more. There are nearly 80 bidders in the fray, including Kishore Biyani's Future Group and Hollywood star Russell Crowe.

For five-year global broadcasting rights, BCCI is demanding a minimum of $59 million. Once again, it could end up with a lot more. Besides the regular broadcasters, two news broadcasters are also in line — TV18 and NDTV.

"We expect IPL to nearly double BCCI revenues in five years from the current year's revenues of $1 billion (which include revenues from multi-year rights)," says Modi.

IPL matches will be staged between seven and 10 in the evening amid a carnival-like setting. "IPL is not targeted at the individual fan. We want families to come to the grounds for evening entertainment, or watch the games at home instead of watching soaps," says Modi.

To improve spectator experience in cricket stadiums, BCCI has decided to give Rs 1,000 crore to state cricket associations during 2008. "By 2011, when the ICC World Cup comes to India, all major Indian cricket stadiums will be world class in spectator comfort and playing facilities," he says. The Subhash Chandra-promoted ICL may have been declared a 'rebel' league by BCCI, but Modi concedes that it will deepen the market for the sport. Zee is also planning to take its cricket circus to homesick Indians in North America.

Playing Ball

The biggest turning point is yet to come. "You'll see many million-dollar deals in football this year," says Anirban Das Blah, vice-president of sports management firm Globosport.

Blah recently spent two weeks in Europe talking to executives of many major football clubs, including England's Manchester United, Chelsea and Arsenal, and FC Barcelona of Spain. He says they are extremely keen on touring India in the off-season, and tapping the Indian market for image rights. They are also looking for Indian sponsors.

However, the bigger money in football will come from Indian companies looking for global publicity. "Cricket's commercial appeal for Indian companies is pretty much restricted within Indian borders," Blah says.

IT services exporter Satyam Computer has signed up as a sponsor with FIFA, the governing body of global football. It will pay FIFA about $80 million to be the official supplier of IT services at the 2010 FIFA World Cup in South Africa, and its next edition in 2014, in Brazil.

Sources say that Bharti and Reliance plan to own football teams and set up academies in collaboration with leading European clubs. Tata Tea has already tied up with Arsenal of England to send talented junior footballers for training to Arsenal on sponsorships.

In fact, India's junior footballers hold great promise, according to Samir Thapar. Recently,

HOLE IN ONE: In 2008, India will take giant strides in golf as well with three new events from the European tour for the first time

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THE NEW WAY TO PLAY: Hockey is likely to grow as spectators and marketers begin to believe in it

India's under-16 team became Asian champions, beating junior teams from Japan, Korea, Saudi Arabia, Kuwait, all World Cup playing countries.

Media mogul Subhash Chandra's Zee Group, also plans to start a football team. It has a 10-year broadcasting and event management deal with the All India Football Federation (AIFF). "ICL is great for tier-II cricketers," Thapar says. Similarly, wages of top level footballers, such as Baichung Bhutia and Sunil Chhetri, now raised to Rs 35-40 lakhs a year, will lift average footballers' wages too, he points out.

In 2008, golf will also take giant strides in India. "With two $2.5-million events this year, Indian golf will be catapulted to the big league," beams corporate golf promoter, Brandon De Souza, CEO of Tiger Sports Marketing. In early February, realty major Emaar-MGF will stage the Indian Masters at Delhi Golf Club and at the end of the same month, liquor major Diageo will bring its travelling tournament Johnny Walker Classic (JWC) Golf to Gurgaon's DLF Golf and Country Club.

JWC will be telecast live worldwide, putting India into millions of homes and offices across the world, and give impetus to golf tourism, points out Asif Adil, managing director, Diageo India.

The other two significant spectator sports in India, hockey and tennis, will grow incrementally as more viewers and marketers begin to believe in them, says Anirban Blah.

The Right Formula

India's first Formula 1 race will be held in 2010, once the planned F1 track comes up in Greater Noida. Aviation and spirits tycoon, Vijay Mallya, who himself used to race cars and was the first to get an F1 car in India, has acquired a dominant stake in the Spyker F1 racing team. Though a minor team with remote chances of winning anything at all, Mallya has consolidated India's interest in Formula racing, which was sparked by Narain Karthikeyan's participation in the 2005 season.

A winning driver will make all the difference but Karthikeyan has no takers at the moment, and upcoming drivers Karun Chandok, Arman Ibrahim and Aditya Patel will take at least another year in the lower rungs of Formula racing to become contenders for a seat in F1.

The Colour Of Money

Some things, unfortunately, will remain the same. The Olympic Games in Beijing this year will boost advertising billing of the sports genre, but will do little for Indian sportsmen or sports entrepreneurs. Retired shooter Morad Ali Khan points out that winning players such as Raghavendra Singh Rathore, who won a silver medal in the last Olympics at Athens, get a lot of respect but very few commercial contracts.

Moreover, Indian sports industry is still small— revenues from tickets, sports equipment, broadcast, sponsorship, advertising, and merchandising may not exceed Rs 10,000 crore a year. Still, according to Gary Lovejoy, COO of Zee Sports, "India's sports business is following the growth of its economy and people are consuming more professional sports than ever before, even if it comes from abroad," he says.

However, for the long-term viability of sports, there is a need to shift from the current model of several small sporting events to fewer but larger events, according to Balu Nayar of IMG. "We'll also need to see a shift from mere event management to sport management," he says.

And the great optimism for money in sports prompts Zee Sports' Gary Lovejoy to fire a warning. "For a sport to succeed as business, it must have the people with it. Companies will ditch sports in tough times, fans will not," he says, adding, "Money is calculating, but passion is irreversible."

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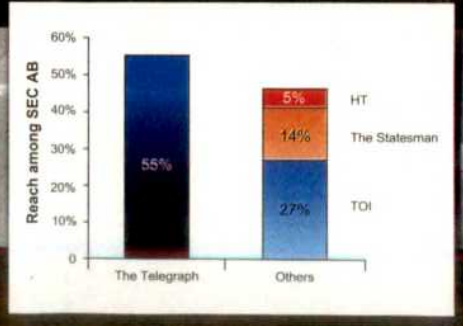

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The Stakes Are High

by Rajesh Gajra

Foreign investors bring new buzz to Indian bourses

EARLY 2007, THERE WAS A FLURRY OF ANNOUNCEments by the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). For the first time, foreign entities were being allowed in as shareholders, and stakes in the Indian stock exchanges had changed with the entry of foreign bourses. *BW* takes a closer look at what has happened since the ink has dried on the equity stake deals behind those announcements, and at what can happen further.

Sebi's demutualisation rules, laid down in 2005 and the government permitting 26 per cent foreign holding in bourses, paved the way for the reshuffle in stakes in the NSE and BSE. The combined impact will be significant.

"Consequent upon demutualisation, exchanges are increasingly seen as investible businesses globally," says Ravi Narain, managing director of NSE. What Narain is implying is that, except for NYSE Euronext, which now has a maximum-allowed 5 per cent stake, other foreign shareholders have invested in NSE's equity to get financial returns.

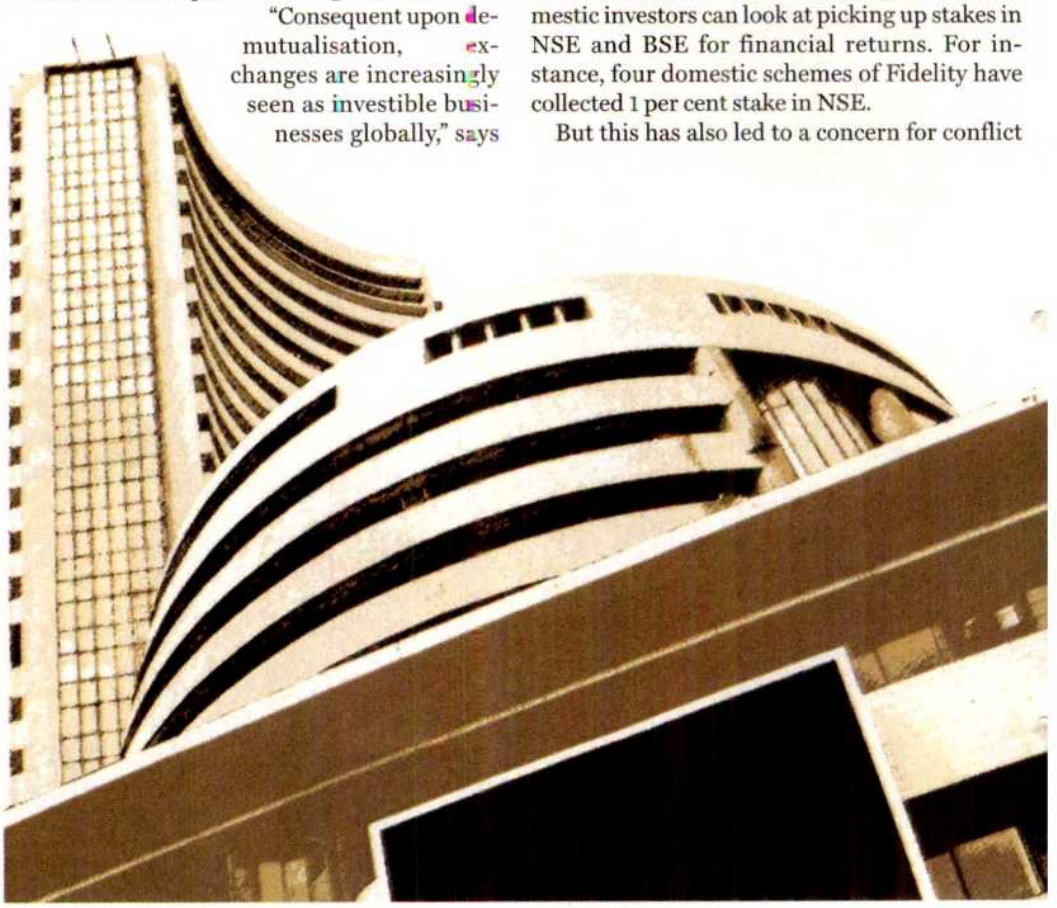
But more could happen. "These sophisticated investors are not just putting in money and then keeping quiet," says Sanjay Hegde, executive director of PricewaterhouseCoopers. "They will try to make a change in trying to get returns."

The consolidation of global stock exchanges began over a decade ago. It's possible that the 1998 merger of Nasdaq and the American Stock Exchange kick-started the process. In 2000, when the exchanges of Amsterdam, Brussels and Paris merged to form Euronext, it went on to buy Portugal's exchange and London-based derivatives exchange, LIFFE, in the next two years. The NYSE and the Archipelago Exchange merged in March 2006 to form the NYSE Group, which bought Euronext in March 2007.

There have been other cases of mergers, acquisitions and alliances (see 'Globalisation of Stock Exchanges' on page 62). NSE and the BSE are only among the new cases.

For global equity investors, in the past two-three years, stock exchanges worldwide have become businesses worth investing in. Even domestic investors can look at picking up stakes in NSE and BSE for financial returns. For instance, four domestic schemes of Fidelity have collected 1 per cent stake in NSE.

But this has also led to a concern for conflict



MEANS BUSINESS: For global players, bourses are businesses worth investing in

of interest between encouraging high volumes at any cost, including turning a blind eye to the manipulative tendencies of traders, and maintaining integrity in the market. It does not take much time to destroy a stock exchange as recurring episodes of crises were seen at the BSE before an automated, no-nonsense and transparent NSE came on the scene in 1994.

Not many are worried, though. "I do not think this applies to a market like ours, which has a large number of listed stocks, substantial liquidity, widely distributed brokers and a large number of investors," says Ashvin Parekh, partner, financial services at Ernst & Young India. The NSE's 13-year-old operationa history, for instance, has built a culture of ethics that seemingly runs deep. The competition has also ensured a professionally-run BSE. "If the new investors work to narrow interests, people will be able to see through it," says Hegde of PricewaterhouseCoopers.

The Background

The Securities and Exchange Board of India's (Sebi's) demutualisation rules, which were laid down in 2005, caused the rapid stake changes. As per these rules, no single broker shareholder can hold more than 5 per cent. A non-broker shareholder can do so, but his voting rights are restricted to 5 per cent.

On 10 January 2007, five of the National Stock Exchange's (NSE's) promoter-shareholders collectively sold 20 per cent stake in the NSE to four foreign entities that got 5 per cent each. One of them was the New-York based NYSE Group, which later merged with Euronext NV, and is now the largest global exchange group. The stake in NSE changed hands at about Rs 2,400 per share (face value of Rs 10). When extrapolated to NSE's total equity, this amounted to an enterprise value of Rs 10,800 crore ($2.5 billion).

The foreign stake in NSE hit the government-mandated limit of 26 per cent in March 2007 after another 6 per cent was sold to the Morgan Stanley group company, MS Strategic (Mauritius) 3 per cent, Citigroup Strategic Holdings Mauritius (2 per cent) and the Actis Group (1 per cent). This time, the sellers were eight other promoter-shareholders.

The NSE previously had public banks and government or quasi-government companies as its promoters and sole shareholders. About seven of its 20 shareholders had 7-12 per cent stake each. Today, all of them put together hold only 61.5 per cent (see 'Taking Stock Of Exchanges'), and only two of them — Life Insurance Corporation and State Bank of India — currently hold seats on the NSE's board.

When the stakes changed hands, NSE publicly disclosed details of the entire 26 per cent sold to foreign stakeholders. But BSE has not been quite as transparent. In February, it announced the signing of an agreement to issue new shares — 5 per cent of its equity capital — to Germany's Deutsche Borse. A month later, it

TAKING STOCK OF EXCHANGES

The current shareholders on NSE and BSE are a diversified bunch

NSE	Stake (%)
Promoter-shareholders	61.5
Life Insurance Corp.	12.4
State Bank of India	10.4
Stock Holding Corporation of India	7.1
IFCI	5.4
Indian Development Bank of India	5.0
SBI Capital Markets	4.8
ICICI Bank	3.1
IL&FS Trust Company	2.1
General Ins. Corp. of India & its 4 subsidiaries	7.3
Others — Six public-sector banks	2.3
New shareholders: Indian	12.5
Infrastructure Development Finance Co.	8.2
Financial Technologies (India)	1.0
Fidelity Mutual Fund's Schemes	1.0
HDFC Standard Life Ins.	0.5
Others — Five entities/persons	1.8
New shareholders: Foreign	26.0
NYSE Group, General Atlantic, Goldman Sachs, Softbank Asian Infra. Fund	5.0 (each)
Morgan Stanley	3.0
Citigroup	2.0
Saturn India and Saturn South Asia (Actis group)	1.0

BSE	Stake (%)
Broker-shareholders: Over 600	49.0
New shareholders: Indian	25.0
Public financial companies	5.0
Banks - public & private	7.1
Others	12.9
New shareholders: Foreign	26.0
Deutsche Borse	5.0
Singapore Exchange	5.0
Others	16.0

Source: NSE & *BW* research

announced a similar 5 per cent stake-issue agreement with the Singapore Exchange. Both these deals happened at Rs 5,200 per share (face value Re 1). At this price, BSE's enterprise value was Rs 3,777 crore ($854 million).

In April, BSE announced that it had over 20 entities, both domestic and foreign, evincing interest in buying 41 per cent of its stake from existing broker-shareholders.

Details have not been revealed but *BW* learns from BSE's annual return, filed with the Registrar of Companies recently, that foreign shareholding in the BSE has touched 26 per cent, and that 24 per cent stake has been taken up by banks, public financial companies and others. Around 700 BSE brokers collectively hold the balance 50 per cent. On becoming a company in August 2005, the BSE had its brokers only shareholders till March 2007.

The Ball Is Rolling

Some changes are imminent with non-financial foreign investors such as NYSE, Euronext and Deutsche Borse. On 28 September, NSE inducted NYSE Euronext's chief financial officer and executive vice-president Nelson Chai to its board of directors. Chai attended his first board meeting at NSE on that day itself.

At the staff level, a source told *BW*, executives of NSE and NYSE Euronext are talking to each other and exploring areas of cooperation. "Through our foreign shareholders, we have the ability to think of global aspirations for NSE, and do new things offshore," says Narain of NSE.

The NSE is not revealing whether it's ready with specific projects yet. There is a lot of potential here. "Indian companies that are going global are today finding it difficult to raise debt abroad due to the subprime crisis; right now they would love any seamless cross-border listing platform to raise funds from equity issues," says Parekh of Ernst & Young India. Other areas include domestic listing of international firms through global depository receipts, which can tap into the deep appetite of Indian investors for IPOs (initial public offerings).

The possibilities, though not spelt out by NSE or NYSE-Euronext, even extend to the interlinking of the two trading platforms and allowing brokers access to each other's select listed segments. This would result in Indian investors acquiring foreign securities at a lower transaction cost through their existing Indian brokerage firms. Conversely, American and European investors, including individuals and hedge funds, will be able to invest in Indian companies. This will reduce the need, at least for hedge funds, to come through the backdoor via participatory notes.

But the cooperation of strategic foreign shareholders will not be a tap that never runs dry. In its last annual report of 2006, the NYSE group spelled out risk factors emanating from its international acquisitions, including its stake in NSE. It warned that "even if we do succeed in making acquisitions or entering into strategic alliances, the process of integration may produce unforeseen operating difficulties and expenditures and may absorb significant attention of our management that would otherwise be available for the ongoing development of our business".

Nevertheless, the only way is forward. Soon, there will be pressure on the government to raise the 26 per cent foreign stake limit to 49 per cent, and on Sebi to raise individual shareholding from 5 to 10 per cent. "With more complex instruments coming in, it becomes relevant to keep the ownership and governance open to global players," says Parekh of Ernst & Young India. This sentiment is likely to gain momentum in the new year.

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GLOBALISATION OF STOCK EXCHANGES

In the past two years, mergers and alliances between stock exchanges have acquired feverish pitch

Stake acquirer	Target	When	Details
Nasdaq-Dubai	OMX (Sweden)	Sept 2007	47.6 per cent stake acquired
Nasdaq	London SE	2005	24 per cent stake grabbed in a hostile takeover attempt
Merger between			
Borsa Italiana & (Milan, Italy)	London Stock Exchange Group	Oct 2007	New organisation structure created
CBOT &	Singapore Exchange	Late 2006	50:50 joint venture to establish Joint Asian Derivatives Exchange for commodities derivatives
OMX (Sweden) &	SEs of Helsinki (Finland), Tallinn (Estonia), Riga (Latvia), Vilnius (Lithuania), Copenhagen (Denmark) & Iceland	2003-06	A member-broker can operate on some of the exchanges for one membership fee
Partnership between			
NYSE Group &	Tokyo SE	Jan 2007	Strategic alliance
OMX (Sweden) &	London SE	Late 2002	To form EDX derivatives exchange

Source: *BW* research

Ananda Patrika

ABP reaches 42% digital camera owners in Kolkata.
Same as what TOI does in Mumbai.

Anandabazar Patrika

Not just a large newspaper. A large market.

Source NRS 2006

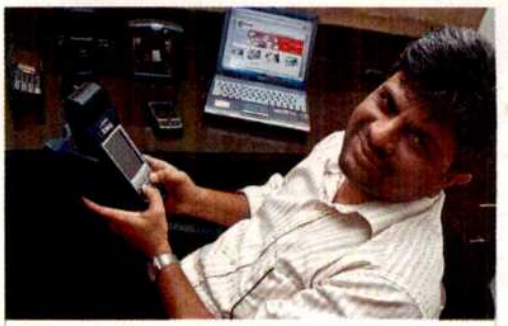
BATES DAVID ENTERPRISE 3541

View From The Street

The hopes and fears of small businessmen in the New Year

IT'S THAT TIME OF THE YEAR AGAIN, WHEN ONE looks back and forward at the same time. It is a time of introspection for everyone, when one resolves to rectify the errors made in the past year, and strive to do better in the new year. The small-business community, which quietly keeps the nation's economic engine chugging, has its own tales to tell. *BW* spoke to individuals from different lines of business to find out about the problems they faced in the past year and their expectations from and plans for the coming year, and how they see the consumer graph turn. Here are a few snippets from what some of them had to say about the government's performance, the markets and life in general.

—Janhavi Abhyankar, Manashwi and Jayant Singh



Bhavin Kothari, Intercode Solutions

WE HAVE BEEN IN THE BUSINESS OF MANUFACturing scanners, barcodes and other aiding machinery for retail chains for over 20 years, but things have speeded up only after the manufacturing and retail revolution in the country. 'Specialisation' has become the catchword today. In the coming year, we plan to focus primarily on the pharmaceutical segment. We plan to double the capacity of our Nairobi plant. With the cutting down of excise, sales and customs duties, business has become a little easier. So, while the government is not doing much to actively help us, it is not proving to be a hindrance either.

Rukmini Honawar, Runah

SINCE 1986, I HAVE SEEN A TREMENDOUS change in the attitude of people towards grooming and bodycare. With international styling hitting Indian shores, people are waking up to the functions of a salon as opposed to a parlour. To cater to the growing demand, we hope to add another one, maybe two, branches to our existing two in Mumbai this year. While there is demand from the masses, a lot more help is needed from the government in promoting this profession. We have the Beauticians' Association to take care of our pleas, but nothing significant happens in such fora.

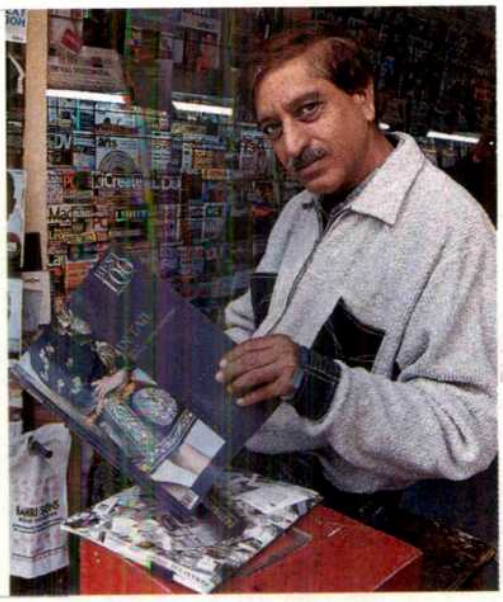
Mahinder Pal, Oriental Fruits Mart

THE SHOP WAS STARTED IN 1939 BY MY FATHER and our speciality foods store has served generations of clients. In spite of our location — in the heart of a tourist spot and away from residences — 70 per cent of our customers are locals. Yes, the rise of the rupee does affect our final cut, but we dream of a day when Re 1= $1. There is a steady increase in disposable money but it will take some time for more people to spend it on good living. We have to be patient, the market will grow further and we will see the effects in the coming year. We have to show similar patience with the government too.

Photographs: TRIBHUWAN SHARMA & SUBHABRATA DAS

Rajesh Dhamija, Bahrisons Booksellers

DELHI IS INCREASINGLY BECOMING A GLOBAL city. Year on year, there is a rise in the number of people visiting the country, for work and pleasure. My sales are largely driven by foreigners and, hence, business is highly dependent on the travelling season. Of course, they buy the international publications, which works out to be more profitable. For instance, an international *Vogue* sells at three times the price of its Indian version. Maybe with the current high that the economy and Sensex are seeing, a reflection of how well the country is doing, more foreigners will visit my magazine stall in 2008! It is up to the government to keep this going. They have been doing a good job but there is always room for improvement.

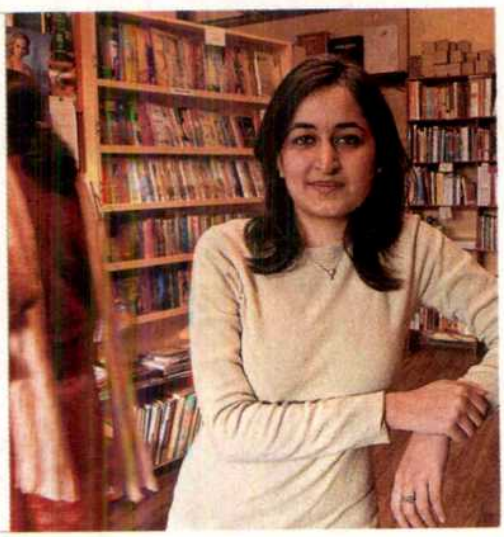


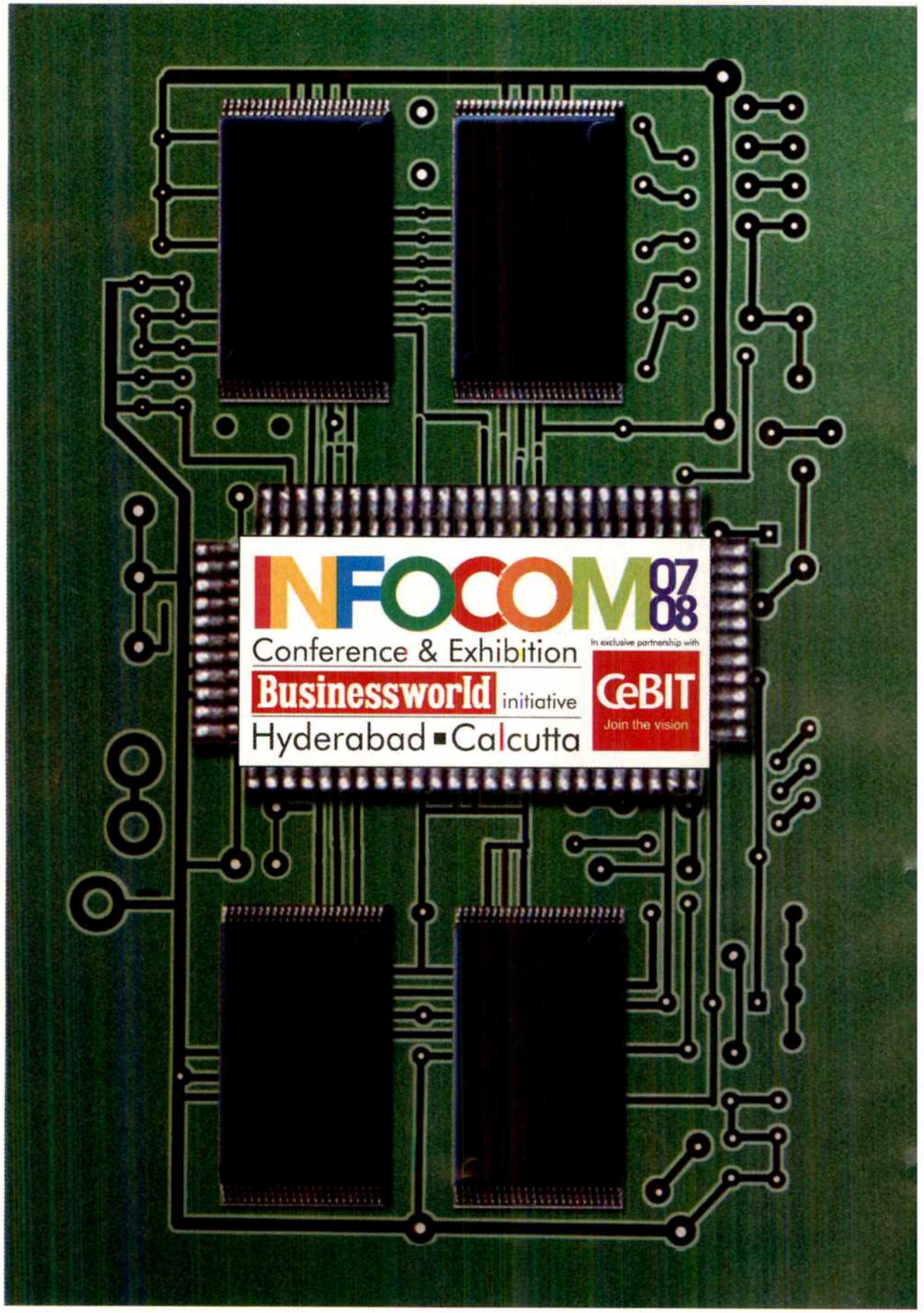
Rupesh Butta, Mercury Music Store

THERE HAS DEFINITELY BEEN A BOOM IN CONsumer spending on electronic gadgets over the past two years. Today, people don't hesitate to spend on high-end gadgets. In the coming year, the iPhone will surely be a rage. The lack of initiative by the government in curbing piracy has hit the industry hard. However, our customers prefer quality over price and so our revenues have not been affected. The recent spurt in mall culture hasn't affected our sales either as we feel people just go there to kill time and not to shop. So, while in the coming year we plan to open another branch, it will not be in a mall. The only pinch we feel is the 12.5 per cent VAT, which when added up amounts to a lot.

Priyanka Malhotra, Full Circle Books

THE PAST YEAR HAD ITS SHARE OF PROBLEMS. IT was tough dealing with sealings and various other government policies, which left retailers foggy about the permanency of these regulations. Even the positive performance of the government gets marred by lack of clarity. Though many laws and levies seem to have been prescribed for large enterprises, they are crippling small and medium enterprises. In the coming year, we look forward to more clearly thought-out policies on land usage, rents, tenant-landowner terms as well as better structured and layman-friendly guidelines on tax issues. In other words, a system that works for the people.

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Don't Mess With WiMax

by rajeev dubey

THIS YEAR PROMISES TO REVOLUTIONISE THE way the world (except India) accesses the internet while on the move. As technology producers begin commercial production of WiMax equipment towards the end of the first quarter of 2008, public WiMax networks will begin springing up around the globe offering wireless broadband at up to 70 mbps (250-500 times faster than any wireless offering here yet) at short distances and up to 10 mbp 10 km away from the transmitters. But India is a different story.

Cellcos resist WiMax, which has come to be the biggest threat to their survival worldwide

India flagged off its desire to open wireless broadband and 3G nearly three years ago. Yet, the first announcement on this came from Telecom Minister A. Raja only in November last year. But that's just what it remains — an announcement. The government is yet to follow it up with a decision on which spectrum (from the wide range of 2.5 to 5.8 Ghz) would carry the signals and whether that spectrum will be made available commercially. Everybody, including the Department of Telecommunications (DoT) and the Telecom Regulatory Authority of India (Trai), remain clueless about the next step — licence conditions and invitation of bids, itself a three to four-month process. It is only after the licences are awarded that the service providers would order equipment and deploy the network — another six to eight-month process. So, even if the government gets its act together tomorrow, for all practical purposes, Indian consumers will continue to be deprived of broadband wireless right through 2008.

In contrast, over 30 countries have had the foresight to offer WiMax licences early so that networks could be set up as soon as equipment makers begin commercial rollout. Neighbour Sri Lanka was among the first countries in the world to invite bids for WiMax licences as far back as in June 2006. Globally, WiMax's revenues are projected to hit $14 billion by 2009, the first full year after deployment.

Ironically, according to the Confederation of Indian Industry (CII), India loses $90 billion (Rs 3.6 lakh crore) a year as small and medium businesses continue to tap at wireless data cards and modems at 100-200 kbps. The slow, unreliable broadband is making the nation uncompetitive.

That's one side of the story; the other side being the disinterest among the telcos to push broadband. India had set a target of 9 million broadband subscribers by 2007 and 20 million by 2010. However, we had 2.67 million subscribers as of September 2007, less than the 3 million target set for 2005. All telcos, particularly the state-owned BSNL, must own up the responsibility for disappointing the nation and contributing to its uncompetitiveness.

Besides, domestic telcos, particularly cellcos, did a huge disservice to the country by subtly opposing and covertly lobbying against 3G. Any move to implement 3G two years ago would have forced them to participate in the bids for licences, diverting crucial resources and stretching their finances, which were already under stress due to rapid nationwide rollouts being implemented by them.

Today, it's yet again convenient to ignore the demand for wireless broadband. It's the least of the priorities for cellcos because at about 25 per cent net margin, the current voice and data business is almost as profitable as the best of high-margin IT businesses. Besides, it's in their interest to fend off broadband wireless via WiMax as long as they can because it has emerged as the biggest threat to the survival of cellcos around the world. Intel's Sean Maloney, the WiMax expert at one of the biggest equipment manufacturers, recently told me that cellcos continue to resist WiMax networks around the world. "Those who have spectrum don't want any more spectrum released. Fixed phone companies tried to slow down WiMax. Elements in cellular industry want to slow it down. A number of telcos are still fighting," he said.

Imagine a VOIP-enabled handset on a high-speed WiMax network. It would offer all that today's cellcos are not able to offer — inexpensive voice calls via a congestion-free network and a super fast gateway to the internet. Although Aircel and VSNL have already launched commercial WiMax networks for institutional users, their widespread deployment is still far away. More because of policy hindrances than any business reason.

In delaying and dissuading the 3G rollout, the cellcos have already hurt the nation's competitiveness. They must not mess with broadband wireless via WiMax now.

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Ananda Patrika

ABP reaches 45% refrigerator owners in Kolkata.
26% more than what TOI does in Mumbai.

Anandabazar Patrika

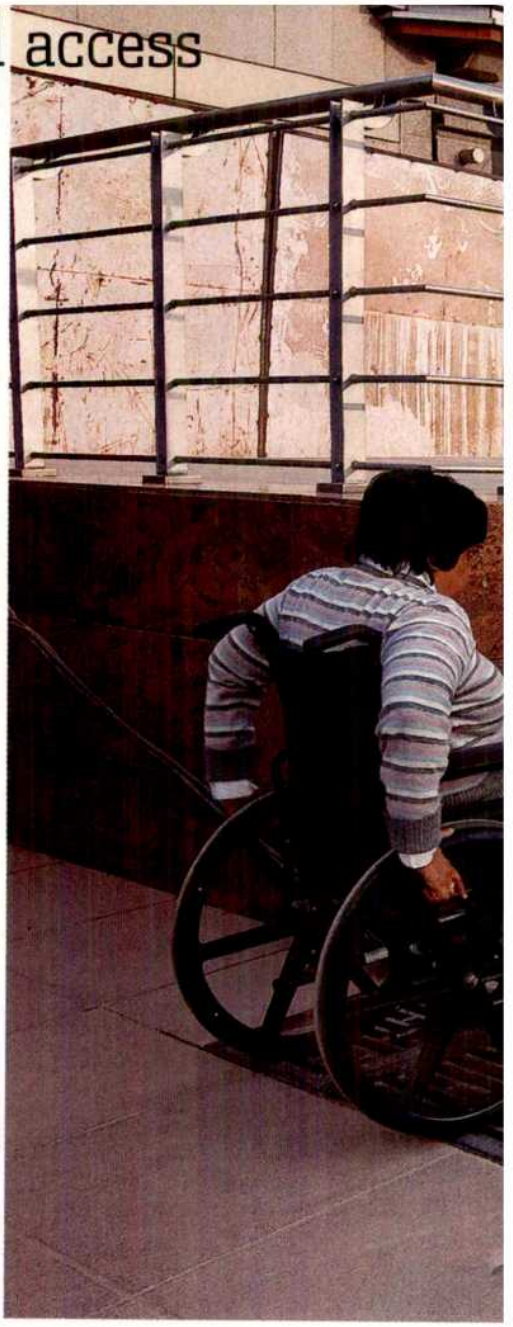
Not just a large newspaper. A large market.

Source NRS 2006

BATES DAVID ENTERPRISE 2640

A Bumpy Ride

by Sumati Nagrath



IT'S ONLY ONE SMALL STEP FOR MOST OF MANKIND. A young couple, holding hands and chatting animatedly, climbs it without even noticing. They are followed by a noisy gaggle of teenagers, and a family of four, all on their way into one of the several malls that are a part of Delhi's social map. But for 38-year-old Shivani Gupta, the difference between self-sufficiency and dependence lies in that one step.

A wheelchair user for the past 16 years, Gupta remains astounded that despite growing awareness of issues of accessibility, architects and builders fail to take the needs of the disabled into account while planning buildings.

"The majority of buildings across India have no access for people with disabilities and, if they do, chances are they do so in areas such as the basement parking," says Gupta, who has often had to be lifted and carried into buildings. "Buildings should be made in a way that ensures accessibility for everyone, and with dignity." It was this frustration that motivated Gupta to start AccessAbility, an organisation that specialises in design and employment solutions for the disabled.

As India's construction boom builds the nation's future in chrome and glass, easy access to, within and outside the workplace continues to overlook the physically challenged. Tireless lobbying by disability rights groups has led to a growing awareness about the importance of accessibility in public buildings.

The road to progress is yet to be made accessible to all

However, "most builders simply install a ramp at the entrance of a building to indicate accessibility", says Vikas Sharma, a Delhi-based access consultant. "For many people, that is enough to signal an 'accessible building'. Little do they realise that a lot more goes into make a building universal." Details such as floor surfaces, correct lighting and appropriate signages tend to be ignored.

It's Legal

There is an absence of a singular and well-defined regulation, which makes it mandatory for all buildings, whether public or private, to be completely accessible to people with disabilities. The onus, therefore, falls on various construction companies and real estate developers to ensure their buildings incorporate the principles of universal design.

"We do have a company policy in place that requires all our buildings to have access features for the disabled," says a spokesperson for the DLF group, one of the country's leading real estate developers. He adds, "All those who undertake the construction of any of our buildings are required to comply with the policy." The spokesperson, however, refused to elaborate on the specifics of the said policy.

According to Section 46 of The Persons with Disabilities (Equal Opportunities, Protection of

Rights and Full Participation) Act, 1995, "appropriate governments and local authorities shall, within the limits of their economic capacity and development, provide for — ramps in public buildings; adaptation of toilets for wheel chair users; Braille symbols and auditory signals in elevators or lifts; ramps in hospitals, primary health centres and other medical care and rehabilitation institutions."

While the phrase 'within the limits of their economic capacity' can, on occasion, throw a spanner in the works, the Act has been effective over all, says the Deputy Commissioner for Persons with Disability, T.D. Dhariyal.

The Central Public Works Department (CPWD) amended building bye-laws in August 2000 to ensure all new construction was barrier-free. But buildings and other infrastructure such as roads (barring the national highways) is essentially a state subject. Municipal bodies have the primary responsibility of regulating all building activity across the country, and buildings are regulated by municipal bye-laws.

The National Building Code of India, 2005, prepared by the Bureau of Indian Standards (BIS) acts as a guide for most State and Municipal bodies. Annex D (Clause 12.21) highlights special requirements for making public buildings accessible to people with physical disabilities. The BIS requirements apply to 'all buildings and facilities used by the public' but exclude private residences. The building code, , includes a detailed description of the kind of ramps, entrances, doors, windows, floor sur-

RAMPING UP: Efforts, like those by Shivani Gupta, ensure that the disabled are not left out of the race

AMIT VERMA

WHAT THE WORLD IS DOING

Adoption of universal design — a process that ensures that all environments and products are usable by all people with dignity to the greatest extent — in creation of public buildings and spaces is essential for ensuring that people with disabilities have equitable access to all buildings. Experience has shown the importance of appropriate legislation, public awareness as well as economic resources in ensuring accessibility to public spaces.

Over the past two decades, several countries have passed laws to make accessibility provisions in public buildings mandatory. The US has the Americans with Disabilities Act of 1990 while access to public facilities by persons with disabilities is guaranteed in the Constitution of Thailand. Countries such as Malaysia, Jordan and South Africa have all, under pressure from civil rights groups, amended their national and municipal building bye-laws to ensure accessibility. In the case of India, the Central Public Works Department (CPWD) amended the building byelaws in August 2000 and, along with the Office of the Chief Commissioner or Persons with Disabilities, has issued the guidelines for building a barrier free environment.

But, like other countries, accessibility in India too continues to be seen as a constraint on the design process and many architects and builders are still resistant to it. 'Minor' problems such as incorrect angle of ramps, narrow width of sidewalks, poor signage underscore the importance of compliance in ensuring universal access.

faces as well as sanitary facilities that need to be in place in a building to allow proper and equitable access to the disabled. However only seventeen states and union territories have amended their bye-laws to include accessibility until now.

But amending the bye-laws is only the first step. "There needs to be an effective monitoring agency in place," says Dhariyal. "All municipal bodies need to have an 'access officer' whose sole responsibility will be to ensure that all buildings within his or her jurisdiction have all the access features, both during planning and implementation stages."

It's not enough to get clearance on paper says Dhariyal. "There needs to be a nodal authority to monitor accessibility features for all public buildings, whether they are government-owned or not." At the moment, Uttar Pradesh is probably the only state that has managed to link access approval to policy, says Sharma.

A Fair Way To Go

Dhariyal notes that the Office of the Chief Commissioner for Persons with Disabilities has noticed a marked improvement in buildings since CPWD amended the bye-laws. "We have received fewer complaints about buildings that have come up in the last couple of years," he adds.

Sharma agrees that, more often than not, a lot of the new construction, especially that undertaken by the bigger firms, does have at least the structural requirements for access in place. "What continues to pose a problem are the interiors, and building maintenance issues," he says.

For instance, in the capital's newest and most expensive mall, Select Citywalk, although there are disabled-friendly toilets with the correct door width and seat height, they are easily missed as they are not clearly signposted. Often, grab rails, an essential feature of a disabled-friendly toilet, are also missing. "This shows that while the developers have their hearts in the right place, they fail to follow through on the details that would make a mall truly accessible," says Sharma.

Ramps, handrails and talking lifts are among the features most real estate developers have implemented successfully. "Getting into most buildings is no longer such a problem for people with disabilities," says Sharma.

What is less thought through is evacuation in times of emergency. "Hardly any buildings have a 'refuge area', a fireproof room that can buy people time, near the fire escape routes, nor do they have 'evac chairs', which can slide down staircases," says Sharma. This effectively closes escape routes for most people with disabilities, and leaves them with no way out but to be carried down the stairs by some one else." Since a company would be aware of how many of its employees are disabled, they can create escape routes on a reactive model," explains Sharma. However, as literally anyone can 'walk' into public spaces, such as malls, there is no way to know how many people with which disabilities are in the building at the time of an emergency. "These places need to implement an anticipatory model, which is far more comprehensive."

A walk through most new buildings highlights not so much the lack of intention, but weak implementation of policies. At best, the initiatives are staggered. Qualified professionals, trained to pay attention to details, have to be hired. A barrier-free environment needs to be thought out from the time a building is planned.

It is in these new chrome and glass buildings that the future of corporate India is unfolding. To ensure that this future is equitable, the construction companies must, even as they rush to build swanky new office complexes, luxury hotels and those ultimate Meccas of consumerism — shopping malls, take into account the needs of the physically disabled

"I have yet to come across any mall in the city that has a trial room, which has been adapted for the disabled," rues Gupta, "I too would like to try on clothes before I buy them."

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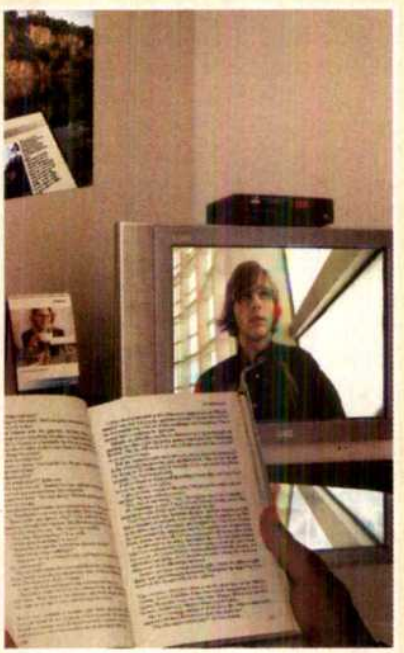
CLEAR VISION EVEN AFTER 40.

Once you cross the age of 40, a whole lot of changes happen to your life. Not to mention, the demands your eyes go through and the adjustments they have to make. Especially, when the eyes get naturally affected with the condition called Presbyopia.

Presbyopia is a natural phenomenon that affects most of us once we cross 40. With Presbyopia, the eye loses its ability to focus on near objects. For instance, you may have to adjust quite a bit to read your morning newspaper. And symptoms also include eye strain and headaches.

Thankfully, there's a solution - Varilux 3-in-1 Progressive Spectacle Lenses from Essilor. With these lenses, you can start your life afresh after 40 and enjoy it to the fullest.



The advantages of switching to Varilux 3-in-1 Progressive Lenses are manifold. They not only shield your age, but also aide your eyes to look near, far and in-between with ease. So even after 40, you can continue to look smart and enjoy the vision of your youth. What's more, these lenses also allow you to see clearly without the embarrassing dividing line of bifocals.

Now, when all this expertise comes from Essilor - a company that's World No.1 in spectacle lenses you can be rest assured. The reputation of Varilux is built on its track record of success in bringing you the latest in optical development and eye care. And this has been vouched by 150 million happy users worldwide.

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Charity As Enterprise

by Dharminder Kumar

Giving is not merely parting with wealth; it demands involvement

SANJIT KUNDU

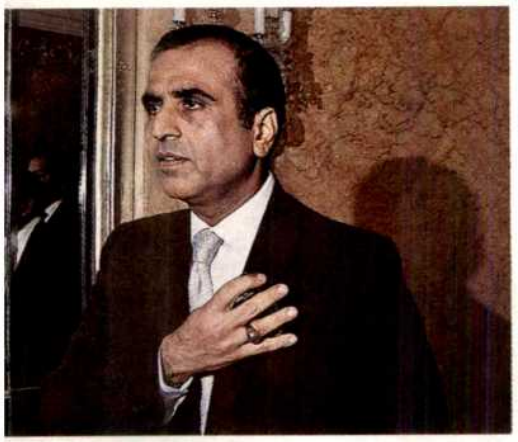
MANY WOULD LIKE TO WEAR THE CROWN OF THE richest man in the world, but few will be able to carry it after Bill Gates and Warren Buffett redefined what it means to be the richest. Their example of philanthropy may have raised the bar for entrepreneurial capitalism, but back home in India the race to the bottom line is ultimately a battle for the bulge; a 'mine-is-the-biggest' obsession. No wonder, Mukesh Ambani erecting a multi-million-dollar luxury home in Mumbai makes an interesting case for Freudian psychoanalysts.

India now has more billionaires than any other country in the world except the US — 54 who hold $368 billion between them. The numbers are not striking because they stand out in the world but because they seem a little out of place in India where hundreds of millions of people live on less than a dollar a day. Maybe a case of vertical lift instead of a horizontal spread, but a case for Mukesh Ambani to give away his hard-earned billions?

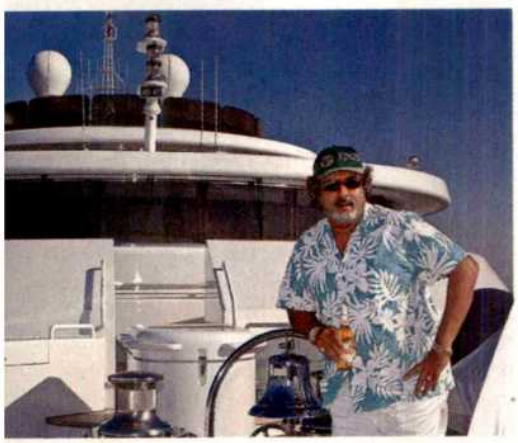
More Blessed To Give

Ambani and some of his billionaire peers are well known for their immense achievement as entrepreneurs. Their responsibility in their chosen role is to build companies, create jobs and, yes, earn profits. They have done all of this with great success. They are also involved in philanthropic projects in their own ways. Ambani, for example, has set up free hospitals and other charitable institutions — Dhirubhai Ambani Hospital at Lodhivali and Sir Hurkisondas Nurrotumdas Hospital and Research Centre in Mumbai, to name just two. He is reported to be eyeing more such projects in 2008. But what moral compulsion can you place on these billionaires to make them part with their wealth for the poor? Philanthropy, many believe, cannot solve the problem of income disparity. They argue that donations by billionaires might not help reduce poverty as much as their ever-widening business enterprises can.

So don't Gates and Buffett know what they



SANJAY SAKARIA



HEMANT MISHRA

AP

THE RICH-RICH GAP: (Clockwise from top left) Mukesh Ambani, Sunil Mittal, Vijay Mallya and Warren Buffett and Bill Gates

are doing? In their example, they have tried to prove that private sector is not about greed, it's about new roles. Bill Gates has not thrown his money at the poor as a guilt-washing mechanism. His charity makes business sense and he is at it the way he was at Microsoft. And who doesn't know how the shrewd return-driven way Buffett chose to donate his wealth confounded many financial experts. Gates and Buffett have not merely parted with their money, they are also making sure it reaches where it would make the maximum impact. They have gone a step ahead of the Rockefellers and the Carnegies by combining philanthropy with entrepreneurship.

Greed Is Not Good

Today philanthropy is not so much about the amount of money as about using it the right way; just the job for great entrepreneurs such as Lakshmi Mittal, Mukesh Ambani, Sunil Mittal and Vijay Mallya. Sunil Mittal's Bharti Foundation, which has committed at least Rs 200 crore to set up primary schools in rural areas across the country, can perhaps grow to set up an example of effective philanthropic enterprise. Philanthropy by India's richest needs both weight and direction. Their random donations may not match with their stupendous acumen of creating wealth and assets.

Economic liberalisation in India has meant gradual withdrawal of the state and expansion of the private sector. If the country keeps gaining on the vertical and losing on the horizontal, liberalisation would mean little else than a psychopathology of pelf where money is not an asset but a mere sense experience.

History gives Indian billionaires two models to look at their personal wealth: Gandhi's and Gecko's. Gandhi proposed that industrialists should see themselves as mere trustees of public money; the grasping Gordon Gekko of film *Wall Street* saw money as a libidinous urge. India's richest men may fix their money quotient somewhere between these two extremes.

The billion-dollar question on India's biggest billionaires is: will they have what it takes to give in 2008? Ambani's gift of a personal Airbus jet to his wife on her birthday recently created a flutter in the media. Though it's nothing in comparison with Buffett's gift to the Gates' charity last year, it's a good beginning. Now we know Ambani might not be averse to the idea of making generous gifts. Only he will now have to find a different method, and some other beneficiaries.

dharminder.kumar@abp.in

New Risks, New Roles

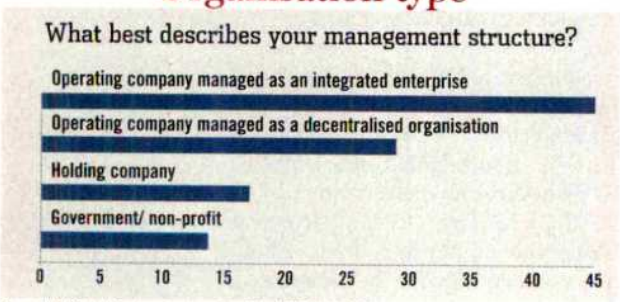
The IBM Global CFO Survey on preparation to face major risks

IN THE WORLD OF MODERN FINANCE, AGILITY, tenacity and resilience to risk are some of the key factors for stellar performance. So most multinational companies let their business units across geographies conduct financial activity based on specialised standards and regional preferences. But a new survey of more than 1,200 chief financial officers (CFOs) and senior finance professionals from more than 70 countries suggests that such an approach is usually wrong. It also has a significant effect on the kind of risks faced by the enterprise. Common definitions of data, standard accounts, common standard processes and globally mandated standards across the enterprise create an integrated organisation that help minimise risk. The charts on these pages present key survey results.

The Indian Perspective

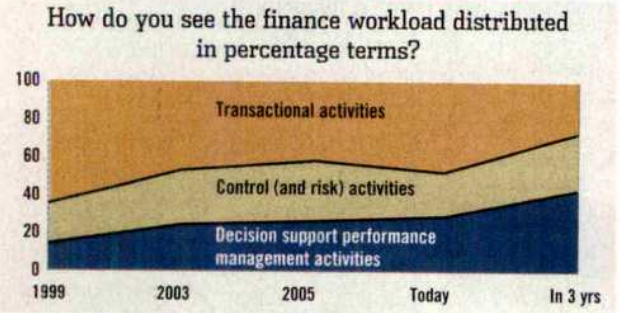
FORTY INDIAN CFOS AND FINANCE EXECUTIVES WERE interviewed. In the past three years, 36 per cent of enterprises faced a major risk event, such as a natural disaster, economic recession or industry consolidation; 21 per cent of the executives were not well prepared.Increasingly, CFOs are becoming 'owners' of risk management, sharing ownership with the CEO. The study found that 65 per cent of CFOs lead risk management followed by CEOs (58 per cent), chief technology officers (30 per cent) and chief risk officers (30 per cent). Globalisation opens up opportunities, but it also means more risks. The range of risks encountered included strategic (32 per cent), geopolitical (17 per cent), environmental and health (17 per cent), financial (13 per cent), operational (13 per cent), and legal and compliance (8 per cent). Of the enterprises that experienced a major risk event, 73 per cent acknowledge having a risk management programme. Only 48 per cent do historic comparisons to avoid risk.Just 43 per cent set risk thresholds, and 23 per cent create risk-adjusted forecasts and plans. Four out of five enterprises with over $1 billion in revenues have a non-integrated multiform finance organisation. Although 81 per cent have global standards, only 42 per cent mandate them, while 18 per cent have no global standards.

Organisation type



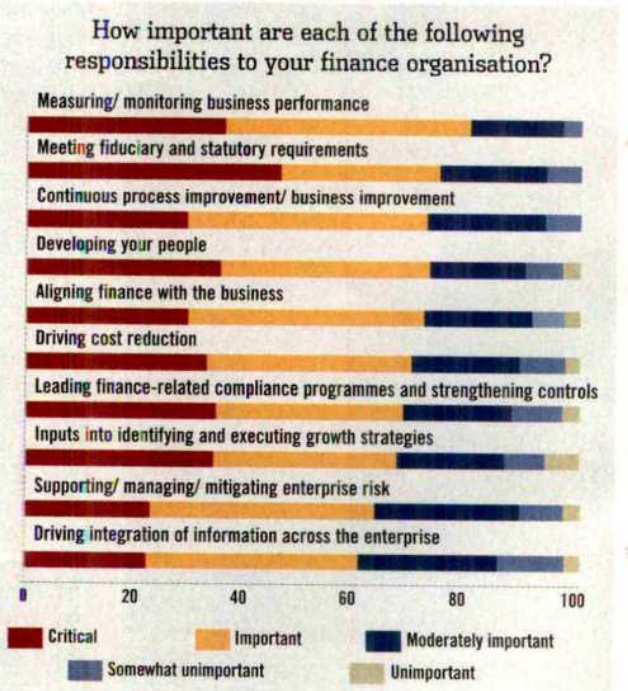
Source: IBM Global Business Services. The Global CFO Study 2008

Distribution of functions



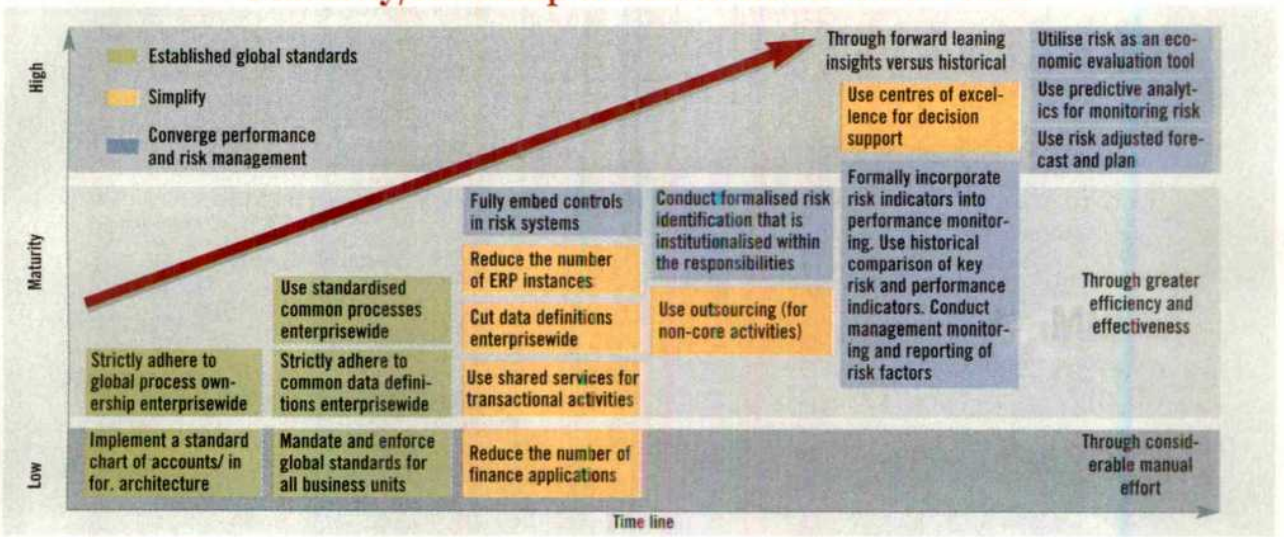
Source: IBM Global Business Services. The Global CFO Study 2008

Priorities



Source: IBM Global Business Services. The Global CFO Study 2008

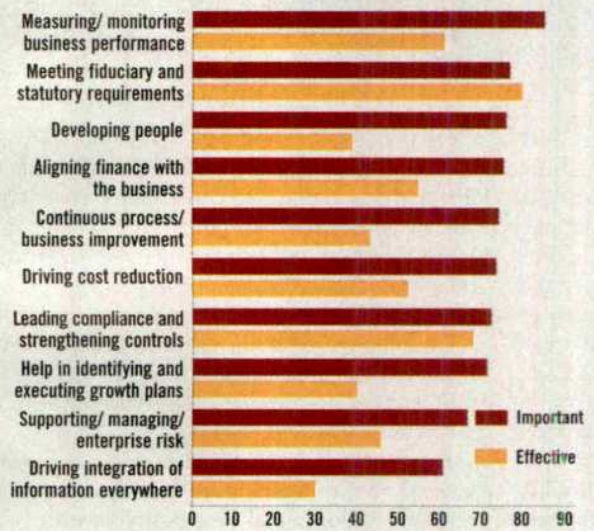
Maturity/roadmap of recommended activities



Source: IBM Institute for business value

What they do and how effectively

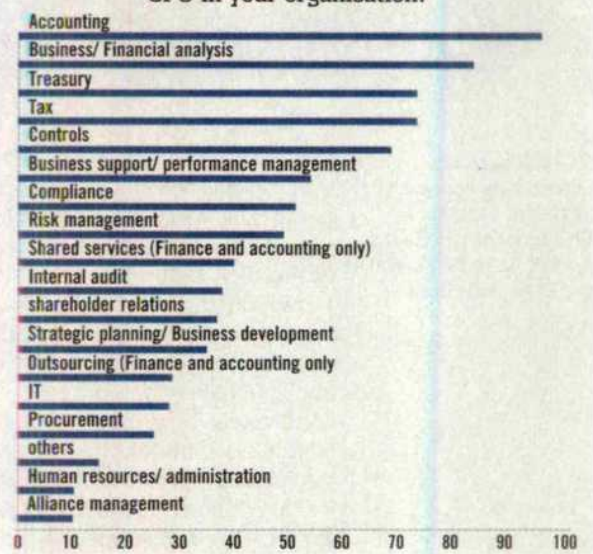
How important/effective are each of the following responsibilities in your finance organisation?



Source: IBM Global Business Services. The Global CFO Study 2008

The CFO's realm

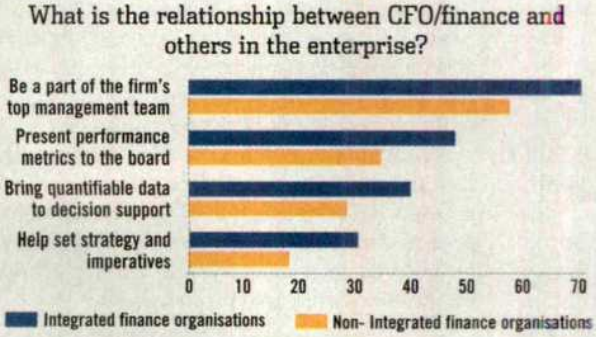
Which of the following functions report to the CFO in your organisation?



Source: IBM Global Business Services. The Global CFO Study 2008

Places in the pyramid

What is the relationship between CFO/finance and others in the enterprise?



Source: IBM Global Business Services. The Global CFO Study 2008

The matrix of risk

Perception of the enterprise risk profile by role

Source: IBM Institute for business value

Graphics: KISHORE DAS

Automobiles Exposed

by Pierre Mario Fitter

EXPECTED LAUNCHES

Company	Product	Wow factor
Tata Motors	Small Car (Rs 1-lakh Car)	The most affordable car in history
Maruti Suzuki	A-star World Car concept	Suzuki's concept car to be made in India
Yamaha	R-1 Superbike	First super bike to be sold in India
Ashok Leyland	Hybrid truck	India's first hybrid-fuel truck
Eicher	Axe SUV	India's answer to Humvee

Source: *BW* research

STAR GALLERY: Several new cars such as Maruti Suzuki's A-Star concept and Audi's A4 will be showcased at the Delhi Auto Expo

Delhi Auto Expo's theme this year is mobility for all

EVEN BEFORE ITS LAUNCH, TATA MOTORS' RS 1-lakh car has become possibly the most anticipated vehicle in India since the Maruti 800. The car, which will finally be unveiled on 10 January at the 2008 Delhi Auto Expo, will undoubtedly be the star attraction of the show. However, that does not mean that other manufacturers are resigned to be put in the shade. This year's auto show will showcase products from 1,200 exhibitors, led by companies such as Suzuki and Mahindra & Mahindra, who are also expected to debut new products of their own.

There's more. "This year's theme is mobility for all," says a spokesperson for the 2008 Auto Expo. "Besides all the highly-awaited cars, mass public transport will also be a big focus." That is timely, and given the growing demand for better public transport, the bus and truck stalls at the Expo are also likely to draw in significant crowds. More than 1 million visitors are expected to drop in, of which at least a tenth will be there to do business.

That's a far cry from 1986, when the Delhi Auto Expo began. Back then, India had only a handful of auto makers, leave alone car models. Interest was so minimal that the next Expo took place a full seven years later. Since then, the past 14 years has seen the Indian auto market undergo unbelievable change, growing to more than 1 million cars sold every year from just more than 675,000 in 2001-02.

A large part of the event's success has been due to the cars that make their debut every two years. "I'm really looking forward to seeing the latest cars that will eventually make their way into India," says Jason La'Porte. La'Porte, an autophile, has been a regular visitor to the Delhi Auto Expo since he moved from Bangalore to Delhi in 1996. Besides cars, he is also itching to find out the latest in car accessories such as music systems and drivers' aids.

In recent times, international auto shows have shown a bias towards small-and-green vehicles. Major global car makers have already initiated substantial programmes towards bringing out the next small thing in automobiles. Indian car maker Mahindra & Mahindra is also working on a small car project with Renault. With cities becoming crowded, the demand for smaller, nimbler vehicles is expected to rise, particularly in developed countries where building more roads or flyovers is difficult.

Although much of the attention will be on the new models, vintage car fans won't be disappointed. An entire section of the exhibition has been dedicated to classic cars. Visitors will also be able to race around on a go-kart track. There's something in it for everybody.

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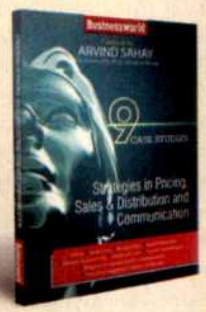

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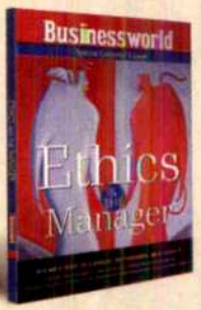

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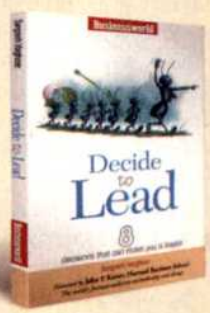

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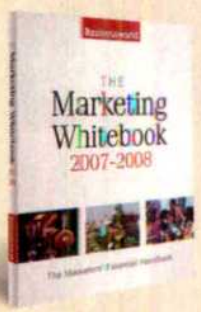

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"It's The Sun, Stupid!"

by edward henning

I RECENTLY SPOKE TO AN AMERICAN JOURNALIST who had just visited Bihar in order to write about the floods and 'global warming'. He had clearly not heard of the El Niño Southern Oscillation, a weather cycle that is often referred to as the most powerful after the changes of the seasons.

When strong El Niños have been active (warm surface water to the east of the Pacific), the monsoon in India is often weak, leading to crop failures and, a couple of centuries ago, famines that killed millions. At the other extreme (warm water to the west), La Niñas tend to cause stronger monsoons, with accompanying floods. El Niños have predominated for the past three decades, but as La Niña conditions have been building up in the Pacific since about May, we should have expected a strong monsoon with flooding last year. There is no evidence of a connection with 'global warming' whatsoever.

That journalist was simply jumping on an uninformed bandwagon, which is a perfect example of how this myth of global warming is maintained and spread.

The current state of the science as put about by the media and politicians is out of date. A connection between solar activity and climate change has been evident for at least 200 years. But the measured changes in the heat output from the Sun weren't enough to explain the changes in temperature on Earth. So, when, after three decades of cooling, the climate started warming up again in the 1970s, it was assumed that this might be due to the carbon dioxide (CO_2) gas that had been building up; it was known that CO_2 was a greenhouse gas, and as the solar influence was not understood, this was a reasonable assumption.

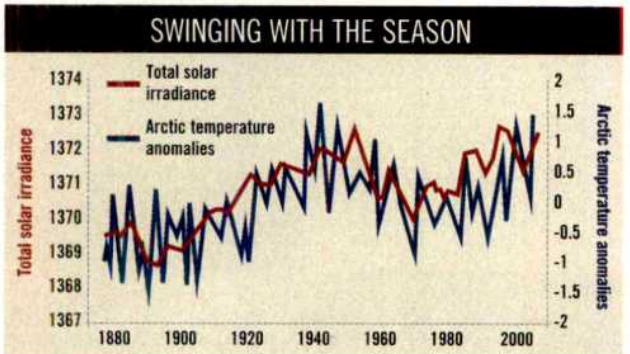
The Earth's climate is always changing and humans have always had to learn to adapt to these changes

But the connection is not good. There are many sets of figures describing both, temperature and solar activity, but taking some of the best data available over the past century, the correlation between CO_2 levels and temperature has been about 0.2 (below 0.3 is considered a weak correlation). The correlation between solar activity and temperature is about 0.8, and values above 0.7 are usually considered strong. In addition, mechanisms have now been described that explain the amplification effect of solar radiation. Too complex to describe here, but the mix involves the solar magnetic field, cosmic rays and the Earth's cloud cover, not just the radiant heat from the Sun. The numbers add up well; with this theory now explaining the temperature changes we have been seeing.

Don't be fooled by this idea of a 'scientific consensus' against this type of theory. The fine details of this modern theory are being investigated at CERN, the European Centre for Nuclear Research, one of the world's most prestigious scientific organisations.

If we could erase all the publicity on this subject during the past 30 years, and the hysterical nonsense from the likes of former US Vice President Al Gore, and look at this issue anew, there would be no need to consider CO_2 as the main driver of climate change; as an American politician might say, "It's the Sun, stupid!"

The Earth's climate is always changing and we humans have always had to learn to adapt to these changes. We need to continue to do so, rather than wasting huge resources pretending that we are actually changing the weather and trying to do something about it. CO_2 is not a pollutant, but the very base of the food-chain on this planet. The extra CO_2 that we produce has actually helped increase plant growth; no bad thing on this hungry planet of ours. Countries like India also need to use fossil fuels that produce CO_2 to help lift hundreds of millions of people out of poverty. Believing the hysteria generated by Al Gore and the IPCC would be a serious disaster for this and other countries.



The close correlation between solar activity and climate is clearly seen in this graph of Arctic temperatures and solar irradiance. By contrast, CO_2 levels have simply climbed steadily through the last century. Data provided by Dr Willie Soon, Harvard-Smithsonian Center for Astrophysics

The author is a technical journalist currently working in India.
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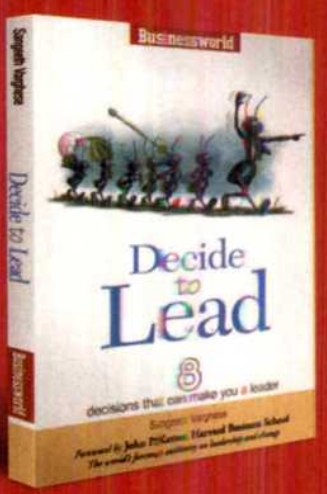

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GLYCOMICS

That Sweet Spot

Carbs form a bulk of our diet but new interest reveals far greater value

CARB POWER: Glycomics researches the multi-functional nature of carbohydrates

SEVEN YEARS AGO, AJIT VARKI, PROFESSOR OF MEDicine at the University of California in San Diego (UCSD), discovered that human beings lack the gene to make a type of sugar molecule found in the brains of all other animals. They also found that our ancestors lost this gene more than two million years ago, after they started walking upright, but just before their brains started expanding. The amount of this sugar is low in the brains of all animals, which suggests that it is toxic in larger amounts. Was the loss of this gene partly responsible for the increase in brain size in human beings?

As scientists grapple with this question, they have another interesting fact to deal with. The sugar, known by the weighty name N-glycolneuraminic acid (Gc), is found in the human body as a contaminant through some foods. All human beings generate antibodies against this molecule, which means that the body treats it as an intruder, and a likely cause of disease. This discovery prompted Varki and his colleagues to set up a company called Gc-Free. Their plan is to develop kits to detect Gc antibodies and then develop drugs based on Gc. "Gc seems to be a good marker for cancer and other diseases," says Varki. A marker indicates the presence of a disease, but more tests are required to determine precisely to what extent Gc is important.

Sugars are the newfound sweet spot for biologists and biomedical researchers, and their study constitutes an area of research called glycomics. The study of carbohydrates, as sugars are known in a technical sense, is one of the oldest branches of molecular biology, because carbohydrates were known much before proteins and genes (DNA) were discovered. But they were not studied well because genes and proteins appeared more glamorous and fundamental to life. For a long time, no one had the technology to rapidly characterise and find the sequence and structure of complex carbohydrates.

Now, this field is potentially one of the hottest areas of all science and technology, let alone of life sciences. Technology is maturing fast, and big money is beginning to be invested in private companies in this area. Genomics and proteomics have not yielded the magic bullets drug companies have hoped for. And it is now apparent that carbohydrates are involved in many critical biological processes, even in those involving proteins. Someone then coined the word glycomics, and an old area became new.

Many proteins need attached sugars to perform their function well. If these sugars are not present, or are present in the wrong form, it

SCIENCE BUZZ The fortnightly update on innovations and tech policies

Look At Me

The journal *Science* had picked its 'Breakthrough of the year'. It is the leap in understanding human genetic variation. Scientists have sequenced the genes of several individuals, including celebrity scientists such as Craig Venter and James Watson. We are now beginning to understand how people differ from each other. Genes of individuals differ from each other by about 0.5 per cent. There are about 15 million places in the genome where differences can occur. Scientists have charted more than three million of those. Technology is now advancing so fast that it would soon become possible to understand what makes one unique.

Keyboards Everywhere

Those who want to carry tiny computers would love to carry a

tiny full-sized keyboard too. Now European researchers are testing something unique: a keyboard that is not a keyboard. They found that it is possible to convert literally anything into a computer interface — a table top, a book, a cup, or anything that is solid and can be touched. It does not need to be flat. You could scribble with your finger on your table, and the computer would pick up the text, taking cue from the vibrations of the material.

Stopping Those Californians

California, known to drive auto emission standards worldwide, had, for the first time, proposed emission

standards for greenhouse gases, specifically carbon dioxide, not considered harmful earlier. But the US government, represented by the Environmental Protection Agency (EPA), has rejected California's proposals. Abround 18 other US states were expected to follow California Auto companies support the EPA, since control of greenhouse gas emissions would necessitate dramatic changes in technology. California will sue the EPA, and is expected to win.

HOW THINGS WILL WORK

The organic way of TV viewing

BLOOMBERG

THE SHRINKING TUBE: Organic Light Emitting Diodes can provide brilliant and flexible displays

ANYONE BUYING AN LCD TELEVISION would do well to remember this: LCD TVs may never be able to catch up with video technology. It cannot respond quickly enough to fast video rates. While good enough to provide quality television now, LCD TVs will not be able to produce fast and spectacular displays that video of the future demands.

This could be addressed by Organic Light Emitting Diodes (OLEDs). The diodes, made of organic materials, are flexible and cheap. They also consume 40 per cent less power, which makes them winners in times of heightened global warming consciousness.

Sony will launch the first OLED television in world markets this year. It is a 3-mm thick 11-inch television, purportedly at a price tag of less than $2,000. Samsung, which had, in fact, started making noises even earlier, is supposed to unveil a 31-inch OLED television within a month.

Yet, TV manufacturers have to cross many hurdles before they can come up with larger screens. Every pixel in an OLED display is controlled by an individual transistor. The cost and complexity rise astronomically with larger screen sizes. These challenges are certain to be crossed sooner rather than later. Once that happens, and the costs start dropping, OLED TVs will start replacing LCD ones. That could take 5-10 years.

The innovation may not stop there. The US Patent Office has already started issuing patents on three-dimensional OLED displays. If they become a reality, as far as television is concerned, (there is no doubt about their use in many other devices), we could start watching three-dimensional television.

BLOOMBERG

KNOWING THE WAY: Sugar addages could guide protein-based medicines to site of action

could result in a serious disease. On the other hand, cancer cells need the help of sugars to flourish. "Certain sugars in the blood could indicate the presence of specific types of cancer," says Akhilesh Pandey, associate professor and cancer researcher at the Johns Hopkins University. His lab is working on such a sugar, called CA19-9, probably important in pancreatic cancer.

Sugars act like flags on cancer cells. Since these flags sometimes fall off into the bloodstream, we can use their presence to detect cancer. As a corollary, sugars can also be used to target anticancer drugs to cancer cells. We could design probes that can detect sugars in cancer cells, and then attach anti-cancer drugs on to these probes. Sugars also seem to play a role in the spread of cancer to other tissues, a process known as metastasis. It is the sugar on a protein that tells the cancer cells where to go, but this phenomenon is not well understood till now.

Improvements in techniques such as mass spectrometry, nuclear magnetic resonance, informatics and methods to clone enzymes are now letting biologists quickly characterise specific carbohydrates in a mixture. Moreover, they are able to do this with small amounts of sample. While this has enabled research into newer diagnostics and therapies around carbohydrate molecules, this technology improvement will have immediate impact on the manufacture of biogenerics or follow-on proteins.

Chemical Vs Biotech

Traditional drugs are based on small molecules, whose precise structure and function in the body are easy to establish. So if a patent on a small molecule expires, a generic manufacturer can make it and easily establish similarity with the original drug made by the innovator. Biotechnology drugs, based on proteins, are a different matter. Proteins are more complex than small molecules, but it is not just the size of the proteins that matters. They have many sugar molecules attached to them, a process known as glycosylation. And the way they are attached is critical to their function.

Biologists agree that current technologies do not let us establish similarities of two biotech drugs made by different methods, in terms of the precise ways of glycosylation. So while we think that the generic version is similar, slight changes in glycosylation can make a big difference to the efficacy and toxicity of the drug. Says Ram Sasisekharan, professor of biological engineering at the Massachusetts Institute of Technology (MIT): "Glycosylation can affect the stability and half life of a protein in the body." A lower half life means that the drug is eliminated from the body more quickly, which makes it less effective. Our lack of knowledge in establishing similarity is one of the reasons why the US Federal Drug Administration (FDA) does not allow generics companies to manufacture biotech drugs. Indian companies make biogenerics, but they are not allowed to sell them in the US.

But now, some companies are developing technology that can help identify glycosylation sites quickly and surely. For example, Momenta, a spin off from MIT, is developing duplicates of a series of biotech drugs that it hopes will go through the FDA regulations. This is because of its proprietary technology that can characterise sugars in the protein and establish similarity beyond doubt. The most advanced drug in its pipeline is M-Enoxaparin, a multi-billion dollar cardiovascular drug. Momenta has raised $275 million in its short existence of six years. Its second public offering in 2005 raised $122 million, which was a show of faith in glycomics by the public.

Similarly, several pure glycomics companies around the world are now raising substantial sums in the first round of funding. For example, Glycotope, a German glycomics company, last week raised $58.4 million in the first round to work on glycosylation of proteins. Glycomics start-up companies such as Glycotech, Glycofi and Noble Molecules have products under development based on sugars. Almost all innovative biotechnology and pharmaceutical companies are establishing glycomics divisions in their companies. Glycomics is on the way to generating disruptive technologies.

P. Hari in San Francisco

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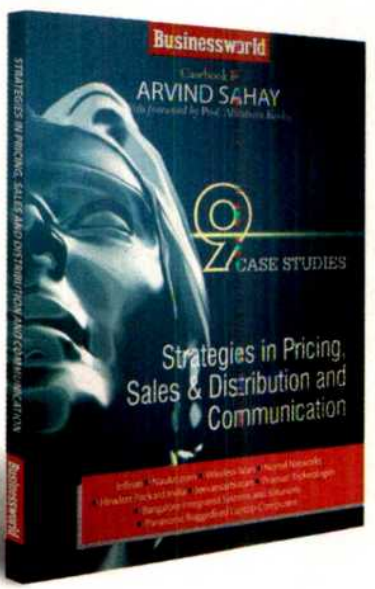

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LUXURY

Limited edition

Luxury brands are trying to balance exclusivity and affordability without losing sheen

DESIGNER CONNECT: Gadget customiser Amosu is offering only 25 Nokia N95 at $55,000 each

LUXURY IS NOT WHAT IT USED TO BE — UNIQUE, exclusive, and often with a hundred years of tradition. Today, for most part, it is merely expensive, especially branded luxury.

However, the purveyors of luxury are striving to accomplish the paradox of being accessible to more people and yet maintain their aspiration value, without which they will simply be out of business.

It is common these days to see 20-something girls with BPO jobs loiter about malls flashing their Louis Vuitton key chains and scarves. Till some time back, an LV bag was a rarity in India and was seen only with the well-travelled and the wealthiest. Today, you can order LV goodies on the Web like you would buy things from eBay. Gucci used to be a dream brand for high quality shoes and bags. Today, there are Gucci pencils and pens, too. Tag Heuer is no longer just a great watch to have. Soon, there will be mobile phones carrying its logo. Luxury brands are spreading themselves thin both horizontally and vertically in a bid to milk their brands.

Still, luxury brands have a few tricks up their sleeves to pull off this apparent contradiction of being accessible yet exclusive.

Maintaining weight at the top while going down the price line is being used by brands to remind people about their luxury identities. Louis Vuitton may now sell scarves and writing pads for less than $100 (Rs 4,000), most of its bags are priced at close to $1,000 (Rs 40,000) and its golden watches have price tags running up to a couple of hundred thousand dollars.

One way the brands are doing it is by using sub-brands. Historically, Rolex has used Tudor as the 'affordable' flank. Now, Armani has a staircase of brands, beginning with Giorgio Armani at the top and Armani Collezioni, Emporio Armani, and Armani Exchange on the way down.

In Vogue

Entertainment

TEN HOLLYWOOD MOVIES TO WATCH IN 2008

1 *Indiana Jones and the Kingdom of Crystal Skull:* Dr Jones is back after 18 years with this cold war adventure. Release: May.

2 *Love Guru:* Mike Myers of Austin Powers fame turns out as an ashram-bred self-help guru to prop up a loser hockey player. Release: June.

3 *Get Smart:* A comic spy caper of a goofy agent named Smart. Release: June.

4 *The Curious Case of Benjamin Button:* What happens when a man suddenly starts growing younger instead of older. Release: late 2008.

Dark Knight

5 *Zack and Miri Make a Porno:* Two platonic friends make a porn movie to avert a financial crisis. Release: late 2008.

6 *Kung Fu Panda:* The laziest animal in the Valley of Peace learns martial arts to save it from invaders. Release: June.

7 *Speed Racer:* Movie version of a Japanese cartoon about an aspiring driver by Wachowski brothers of Matrix fame. Release: May.

8 *Dark Knight:* Batman is back fighting the evil Joker. Release: July.

9 *Frost/Nixon:* Watergate retold through British journalist Robert Frost's interviews with Richard Nixon. Release: date secret.

10 *Wall.E:* A robot abandoned on a deserted Earth who figures out the purpose of its existence. Release: June.

Limiting supply is also a way to make a few buyers special. Last Diwali, Spanish ceramic boutique Llardo offered exquisitely crafted idols of Lakshmi at Rs 1.64 lakh each with the rider that only 2,000 of those will be made for the entire world and only 200 will be sold in India. They are still delivering those.

Add treasure bath to limited edition goodies, and you have a most potent formula for creating an aura of aspiration and exclusiveness about a brand even if its offerings are banal objects.

French Pen maker Mont Blanc is offering a limited edition pen made with white gold and studded with diamonds and rubies for 200,000 euros each. This pen is named after Monaco's ruler, Prince Rainier III, and only 81 of these pens are on sale. British mobile phone customiser Amosu is offering a limited edition diamond-laced Nokia N95 phone, which costs $750 without treasure bath, for $55,000. Only 25 of these are on sale.

Charity is a new differentiator for the luxury brands. Mont Blanc will donate revenues from the sale of 51 Rainier III pens to a charity. Louis Vuitton contributed to Green Cross International to get former Soviet president, Mikhail Gorbachev to model for it.

Luxury brands may be living dangerously by straddling the twin worlds of the rich and the middle class, they are getting away with it. For now.

Feroz Ahmed

LOUIS VUITTON: Not a thing but an aspirational dream, reminding people of their luxury identity

Been there, dune that: It's an adrenalin rush. When in Dubai, drive up dune cliffs and across sliding slopes in your SUV without toppling over

FEROZ AHMED

BODY AND SOUL

Stress is good for you

ONCE GRACE UNDER pressure was expected of gentlemen. Stress was for the sissies and the vulgar. But times have changed. Pressure is no longer an occasional problem. Almost everybody has to routinely work with extreme demands on body and mind. Some cope, some crumble. But some learn to use their stress.

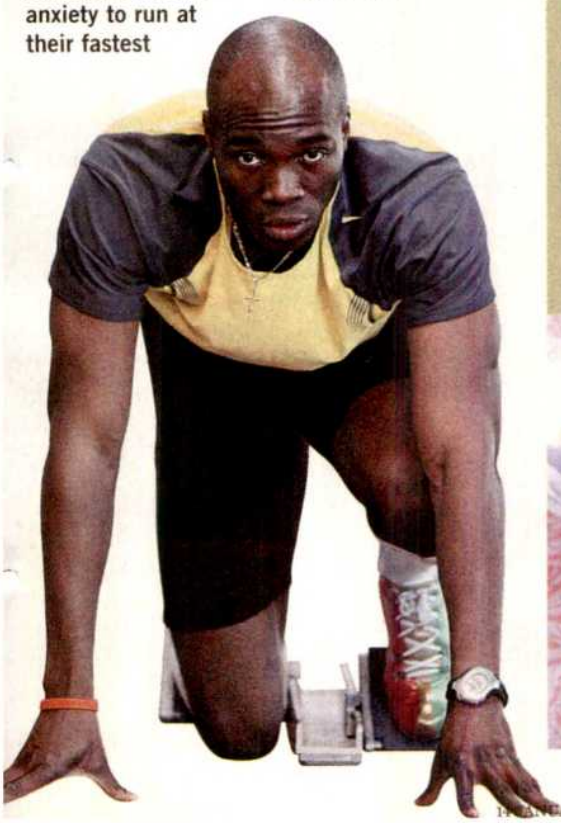
The trick is to take initiative in a stressful situation. People with initiative in high-pressure situations convert stress into energy and focus and get the job done.

In fact, without stress you will die sooner than because of it. According to research by the universities of Kentucky and British Columbia, short bursts of stress boost immunity as the nervous system anticipates injury and prepares the body for that.

But, stress is not for the timid. Those who submit to the aggressors routinely damage their immunity. They develop chronic stress and tend to fall sick often and become emotionally unstable.

The takeaway is that if you want to live healthy, take some risks.

SPRINTERS use their performance anxiety to run at their fastest



BON VIVANT

Wandering veggie

BEING A VEGETARIAN CAN BE QUITE DIFFICULT FOR Indians while travelling abroad. The business cities around the world have become fairly cosmopolitan now, but venturing beyond them involves risk of hunger pangs.

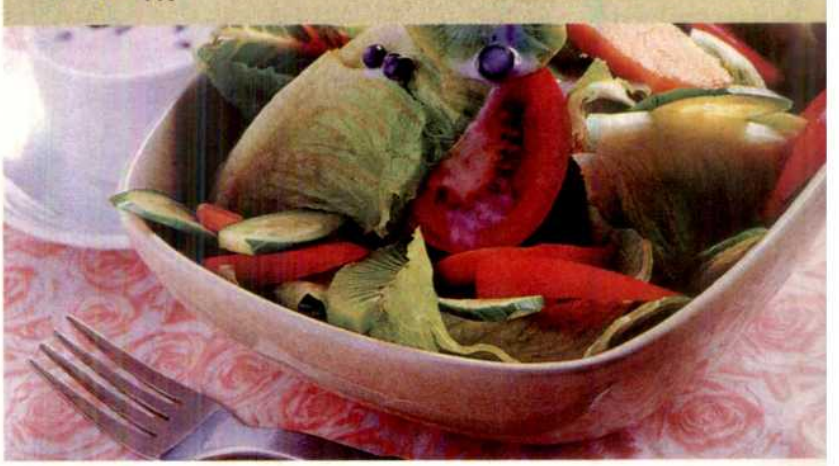
Often, vegetarians find their salads studded with ham and their tomato soups laced with bacon. However, a little bit of homework could help one avoid the snafus.

So, a vegetarian must arm oneself with some key words. For example, when in Italy, tell waiters to serve your food 'senza carne' (without meat) or in Brazil, tell them 'Sou estitamente vegetariano' (I'm strictly vegetarian). Better still, learn some local words for common vegetables. Potato is 'kartoffel' in Germany, and cabbage is simply 'kool' in Netherlands. Also, try local vegetables — artichokes and avocados in the Americas, zucchini in Italy, and sea weeds in East Asia.

Another way is to go for the dishes with a vegetarian base. According to chef Anurag Bali, Italian, Mexican and Chinese restaurants are the best for vegetarians. The pizzas, pasta, tortillas, and noodles are made with flour. Avoid meat toppings and fillings.

Look for local vegetarian dishes. In central Europe, ask for fondues — dishes with flavoured melted cheese; in Korea, cabbage-based kimchi; and in China and Japan, paneer-like soyabean tofu. But, first check if they come mixed with meat.

So, prepare and adapt a bit when among aliens. It will help you keep your stomach and soul happy.



DRESSING UP

Jacket cool

To have a sports jacket that obeys your body's idiosyncrasies, get one custom made

WINTER IS AT ITS PEAK AND UP IN THE NORTH IT IS sporting and sun soaking season. It is time to add a jacket or two to the winter wardrobe as the old favourites begin to look weather beaten or out of fashion.

However, finding a shapely and stately sports jacket in stores requires luck. Mass production cannot factor in each body's idiosyncrasies. Also, most ready-to-wear jackets in the bazaar have a forbidding banality about them. For the fussy, the only option is to go to the tailor.

It is a good idea to start with some basic knowledge of jacket construction and an idea of what kind of jacket one wants.

Picking the fabric to one's taste is as important as the skills of one's tailor. Polyester is easy to maintain but looks cheap. Linen is classy, but difficult to maintain, and is best stored for summer. Silk is lustrous and warm. Wool looks and feels nice. Corduroy and suede are stylish. Leather is stud stuff, especially when stitched like a coat with buttons.

Now, one needs to mind a few basics about fitting of a jacket. Unless you want to experiment, stick with the length of the jacket till where one's palm and fingers meet. However, tall men can enhance their silhouette by wearing slightly short jackets and short men may wear slightly longer jackets for the same benefit. The jacket's sleeve should leave about half an inch of shirt cuff exposed. The jacket should taper along the torso, without hugging it. Ensure that the tailor does not put too much padding at the jacket's shoulders, which look best when they hug your own shoulders' contours.

For style, one can go for single button to three buttons. Fewer the buttons, longer the lapel. Notch lapel is best for the conservative folks. Peak lapel is for the flashy. Some prefer to have stitched edges and embossed metal buttons. Also, one could have a single vent or slit at the back. Pockets is a matter of personal preference between flaps and slits.

Colour of a sports jacket can be critical to one looking great or ordinary. For fair men, typically camel, teal, and navy blue colours are more appropriate. The darker men normally look better in deeper colours such as black, dark navy, or dark brown.

However, ultimately, beauty lies in the imagination of the beholder. So, don't bother intellectualising your jacket too much and get cozy inside one that excites you.

Feroz Ahmed

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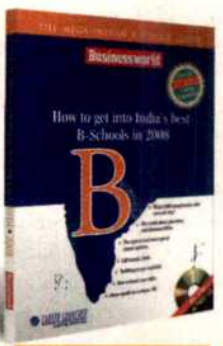

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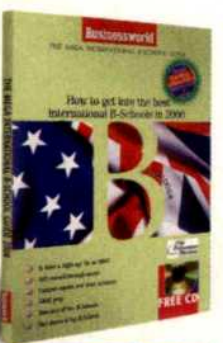

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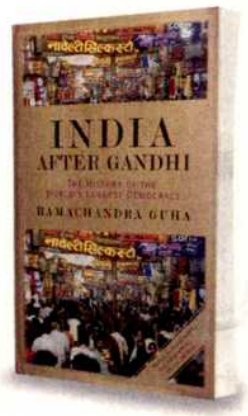


A Contentious Democracy

by ashok v. desai

INDIA AFTER GANDHI THE HISTORY OF THE WORLD'S LARGEST DEMOCRACY
BY RAMACHANDRA GUHA PICADOR INDIA, 2007, PAGES: 900; PRICE: RS 695

THIS BOOK IS DAUNTING IN ITS SIZE; THOSE WHO prefer to read in bed will need strong hands. But it is not difficult to read. It is beautifully typeset and fluently written. At 400 words a page, the matter sits pretty lightly on the page. Once one gets past the first few pages, the story flows pretty well.

A general history of India has to achieve a number of things together. First, it must give an account of the major events and prominent personalities involved in them. Second, it has to describe the major political problems or conflicts that came to the fore at various times and how they were resolved. Finally, according to some historians, a history must identify the great forces that moved the country and their interplay — it must play out the drama. In pursuing each of these aims, an author has to select — even Ram Guha, who had 900 pages to spread the account over. One reasonable criterion would be to take those issues that proved important in the end — to look at history from today's vantage point. Guha, however, does not take that easy way out; he tries to look at problems as they looked to each generation in its own time, and avoid hindsight. This is difficult to do; but if well done it can be as interesting as a Greek play, in which Fate overturns the best made plans of men. This book is not as artfully constructed as a Greek play; the material is too fractious. But it is a good try.

The book begins with the birth of India from the shambles of Partition and the construction of democracy. It captures the sense of loss, of vivisection that the people born in British India experienced at Partition. For them, undivided India was a living thing, the nation which they fought to liberate; the truncated India they finally got was incomplete, and the circumstances of its birth inauspicious. It was not just they; many observers at various points predicted India's breakup; and sections of Indians did try to break away. The fact that it has held together is remarkable, and is one of Guha's recurring themes.

Guha then goes on to the Nehru era — to the beginnings of democracy, the place Nehru carved out for India in the world, to the ambition of building India. But his was also the time when fissures opened on linguistic states, and when trouble began on the borders, in Kashmir and the Northeast. These challenges turned in his last years into disasters — into defeat at the hands of the Chinese, and alienation of Sheikh Abdullah and Kashmir.

Then came Indira Gandhi, who fought a war with Pakistan. It was her only success; then she slid into socialist experiments, emergency and defeat. She divided the Congress and led it into defeat; that is how the era of coalitions began, which continues to this day. However, Guha's book peters out in the 1990s.

The last third of the book is thematic. Guha takes up five areas: dissidence, riots, politicians, development and entertainment. This is the most original part of the book; this is where Guha's quirky reading yields unexpected dividends. Guha's treatment of economic issues is perfunctory. In general, he neglects quantities, and economics cannot be discussed without numbers. His treatment of films is brief but competent, his treatment of classical music briefer and less competent. In view of the fact that he is an authority on cricket, his treatment of it is surprisingly perfunctory. But then, one cannot expect everything in a book even this size.

If this book has a central

BROWSING
Palanivel Kuppusamy
Executive Chairman, Dexterity Group

I just finished reading an e-book called God's Debris by SCOTT ADAMS. I was surprised to see a book on philosophy by Adams, who is a popular business cartoonist. Also, the introduction "you love it or hate it. But you won't easily get it out of your mind" just hooked me. Most of my reading comprises management or popular psychology books. My choice of book are influenced by visits to my favourite bookstore and recommendations of the staff there.

RAMACHANDRA GUHA, has had a peripatetic career, with five jobs in 10 years in three continents, including teaching at universities in Oslo, Stanford, Yale and Indian Institute of Science. His books include a global history of environmentalism, a biography of an anthropologist-activist, a social history of Indian cricket and a social history of Himalayan peasants.

theme, a unifying element, it is India's survival as a democratic nation. Many expected it to break up, others did not give democracy a chance. Guha cites many of them, and shows them all to have been wrong. Not that Guha has illusions about India's democracy. He documents extensively how, in spite of democratic institutions, discontented elements have repeatedly rebelled, taken to the streets, rioted and fought. He finds it necessary to qualify India's credentials: he calls it a populist democracy.

This book will end up on reading lists of India-centred courses in foreign universities. But it will be a pity if it is confined to the classroom. For it is fun to read, and even Indians who have lived through the past 60 years and think they know their own time will find quite a few things they did not know or had not thought about.

SELECTION 1

Caught Between Two Indias

GOODBYE TO GANDHI
TRAVELS IN THE NEW INDIA
BY BERNARD IMHALSY
PENGUIN VIKING
PAGES: 195; PRICE: RS 425

BORN IN SWITZERLAND'S MOUNTAINOUS SIERRE municipality, Bernard Imhasly would not have been the most likely candidate for his job. Yet, for the past 17 years he has contributed insights on life in South Asia as a correspondent for European publications. His book, GOODBYE TO GANDHI — TRAVELS IN THE NEW INDIA, recollects a recent personal voyage in which he attempts to reconcile the India of today with the vision from which it was born 60 years ago. As a result, two personalities inhabit the book simultaneously. At once, it reads like a personal diary — full of reflections and emotional prose — which attempts to bring modern readers in touch with an India that existed at the time of Independence.

Starting his journey in Porbandar, Gandhiji's birthplace, Imhasly attempts to explain the India that is — concrete buildings, crowded trains, Cyberabad and desperate poverty. On occasion, he gives into temptation and uses necessary clichés to describe India — My driver swerved into side roads, but sections of them had caved in during the monsoon. Yet, Imhasly's book does not fit the category of the typical western travel memoir. Somewhere between the pace of his story telling, his frequent but well-balanced use of historical anecdotes, and the insight he has gained from years of covering the region, emerges a tale that is absorbing. He diligently narrates all he observes into a tidy 195 pages. Still, it is never clear whether Imhasly mourns or celebrates the new India — with its all too marked departure from Gandhi's message. He is exasperated, yet sympathetic, excited yet saddened. The book, an emotive story from someone who feels for the land he writes about and has chosen to settle down in, is well worth the read.

—Pierre Mario Fitter

SELECTION 2

Lessons In Political Incorrectness

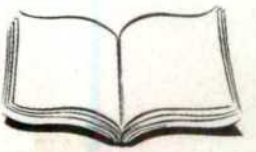
TAVLEEN SINGH IS, WITHOUT A doubt, one of the most vociferous and forthright journalists Indian media has ever seen. Over the years, readers have looked forward to her columns in *The Indian Express* daily and *India Today* magazine, in which she has taken turns to bash the Congress, Rajiv Gandhi, Sonia Gandhi and their offspring. The Leftists and the 'warped and corrupt system' have also been subjected to Singh's scathing pen. But whatever way she chooses to make it, it has to be admitted that Singh often does have a point. Characteristically titled POLITICAL AND INCORRECT — THE REAL INDIA WARTS AND ALL (HarperCollins India), the book is a collection of some of her best writings over the past two decades. The collection includes articles written as far back as 1987, the year in which Singh became the country's first female political columnist.

The book is divided into two parts based on chronology — The First Decade (1987-1997) and The Second Decade (1998-2007). Through Singh's writings, it traces the changing political landscape of India from a time when the country's people swore by Rajiv Gandhi's — their noble prince — name to the era of coalitions.

Singh, who considers television to be "the single most important engine of change in India" also contends that there has "been a dramatic absence of change in vital areas of need" such as provision of clean water, power and roads. Her writings remind us that there are still some genuine voices left in a time when majority of the media only has rhetoric to offer.

—Jayant Singh

ALERT



CONDI: THE LIFE OF A STEEL MAGNOLIA —
BY MARY BETH BROWN
THOMAS NELSON

As one of the most powerful women in the world today, Condoleezza Rice attracts both popular and literary attention that has resulted in several biographies to date. In this latest one, the author Mary Beth Brown charts Rice's journey from humble beginnings in racially segregated Alabama to the powerful corridors of the White House, first as the National Security Advisor and now the Secretary of State. The book besides delving into her personal life, also explores the possibility of Rice emerging as a strong Republican Vice-Presidential candidate.

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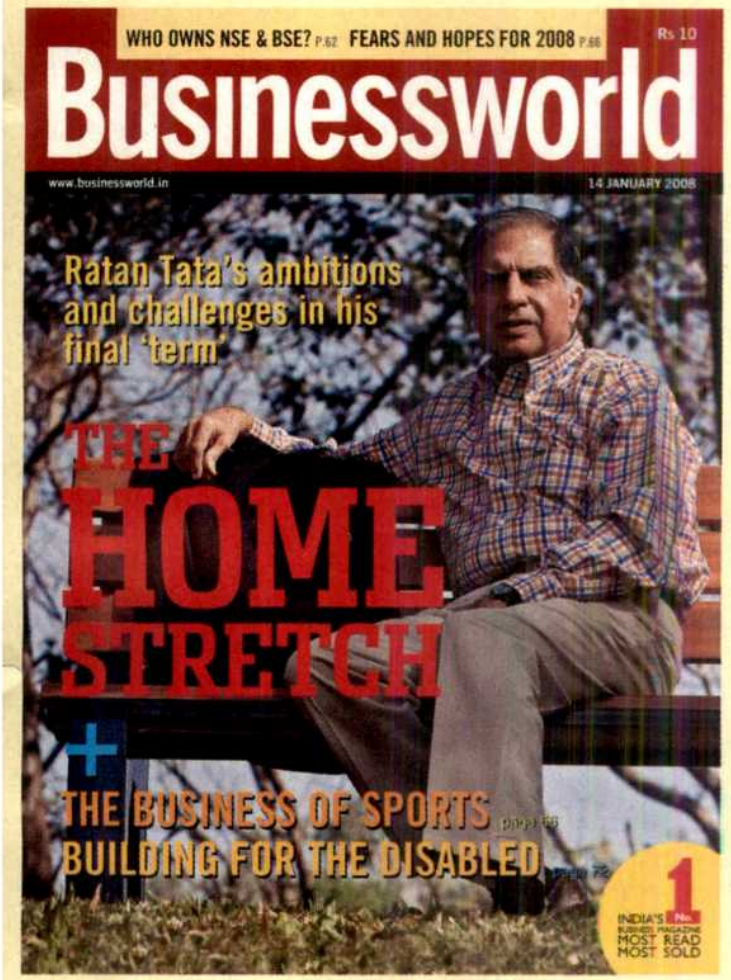

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*ABC: Jan-June 2007: 1,31,626 copies. *NRS 2006: 6,79,000 copies.

BATES DAVID ENTERPRISE 1584

The Exit Of Partho Shome

IN MOST DEVELOPED COUNTRIES, THE IDEA OF budget secrecy has lost relevance. Tax changes are so infrequent that people have almost forgotten that they can occur; when they occur they are often announced and planned beforehand. We being the last Englishmen on the earth, however, our government cannot countenance such taxpayer-friendly practices. Admittedly, tax rates have become less punishing and less frequent. So fear of unpleasant surprises has lessened. But we will have to see some more governments and finance ministers before our budgetary paranoia disappears.

Shome's sad experiment in serving his country has finally ended; maybe he will go abroad, where his expertise is better appreciated

Paranoia is natural while the present finance minister lasts, for he is notorious for unpleasant surprises. Sometimes he contents himself with introducing rules that help authorities bother and milk taxpayers; but often he introduces taxes that are aimed less at raising revenue than at maximising harassment. The service tax he introduced a decade ago brought harassment to many small firms that could not afford tax consultants. His security transactions tax is a transactions tax; and economics does not support transactions taxes, except as a way of introducing friction in transactions. It has also created the impossible problem of distinguishing between traders, who are subject to tax, and investors, who are not. The distinction rests on frequency of trading; any investor who trades frequently bears the risk of being labelled a trader and falling into the net. The fringe benefits tax is levied on a base that is impossible to define clearly, and involves masses of new records and long, vexing negotiations with tax authorities.

Admittedly, the finance minister's record in making taxpayers' lives miserable is not entirely consistent. There was a time long ago when he introduced what became known as a dream budget. His first budget in 1997 established his reputation as a terror. It was also politically unconsidered, since the government he was finance minister in was shaky and might have faced an election at short notice. So in his next budget he made up by giving liberal tax concessions. Then the budget was a dream; now it is a pie in the sky.

Still there are some people who would not think ill of P. Chidambaram. They respect his undoubted intelligence and his unquestioned diligence, and find it difficult to believe that the tortures he inflicted on taxpayers were his. They prefer to believe that all the wrong ideas were passed on to him by his advisers.

They will be cheered up by the departure of Parthasarathy Shome, whom Mr Chidambaram took as adviser soon after he became finance minister. For Shome has a legendary reputation. In his early years he was with International Monetary Fund. It used to send him to countries which had wrecked their fiscal systems; he helped repair them. His peregrinations gave him encyclopaedic knowledge of the variety of taxes countries impose. Whenever Mr Chidambaram wanted a stupid new tax, he only had to call Mr Shome and ask him for an idea; and promptly Mr Shome would tell him of the tax on milch cows in Fumbundistan or fringe benefits in Hollombia. With Mr Shome's departure, it is hoped, Mr Chidambaram will no longer have a ready fount of silly taxes. But then, he can still increase the harassment quotient of the taxes he has.

Others will note the fact that Mr Shome left on 1 January, just two months before the budget and two months after he got an extension, and suspect that there were irreconcilable differences between him and the IAS officers who these days dominate the finance ministry. While Mr Shome knew all the bad taxes of the world, he also had the economics to know that they were bad. With zero fiscal knowledge and unlimited self-confidence, IAS officers can be a far worse scourge. So maybe Mr Chidambaram will get more lethal advice this time —whose consequences will be revealed very soon.

However that may be, fate and the finance minister cannot be avoided; they must be borne stoically. Maybe Mr Shome left, not because of overbearing, ignorant civil servants, but for better opportunities; and there would be no lack of them. Long ago he was lured away from IMF and made director of National Institute of Fiscal Policy and Planning. Its chairman, Raja Chelliah, thought he knew more about public finance, interfered continually in the running of the institute and made Mr Shome's life miserable. After he moved to the finance ministry, everyone made his life miserable. Maybe now he will go abroad again where his expertise is better appreciated and rewarded. Good luck, Mr Shome!

SPREADING INSURANCE P.58 FOOD ECOLOGY P.64

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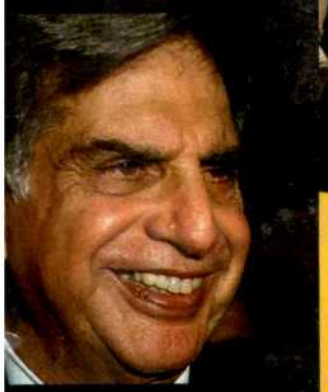
UNFAIR GAME

A cabal of traders and power brokers is manipulating agri commodity markets and tilting prices

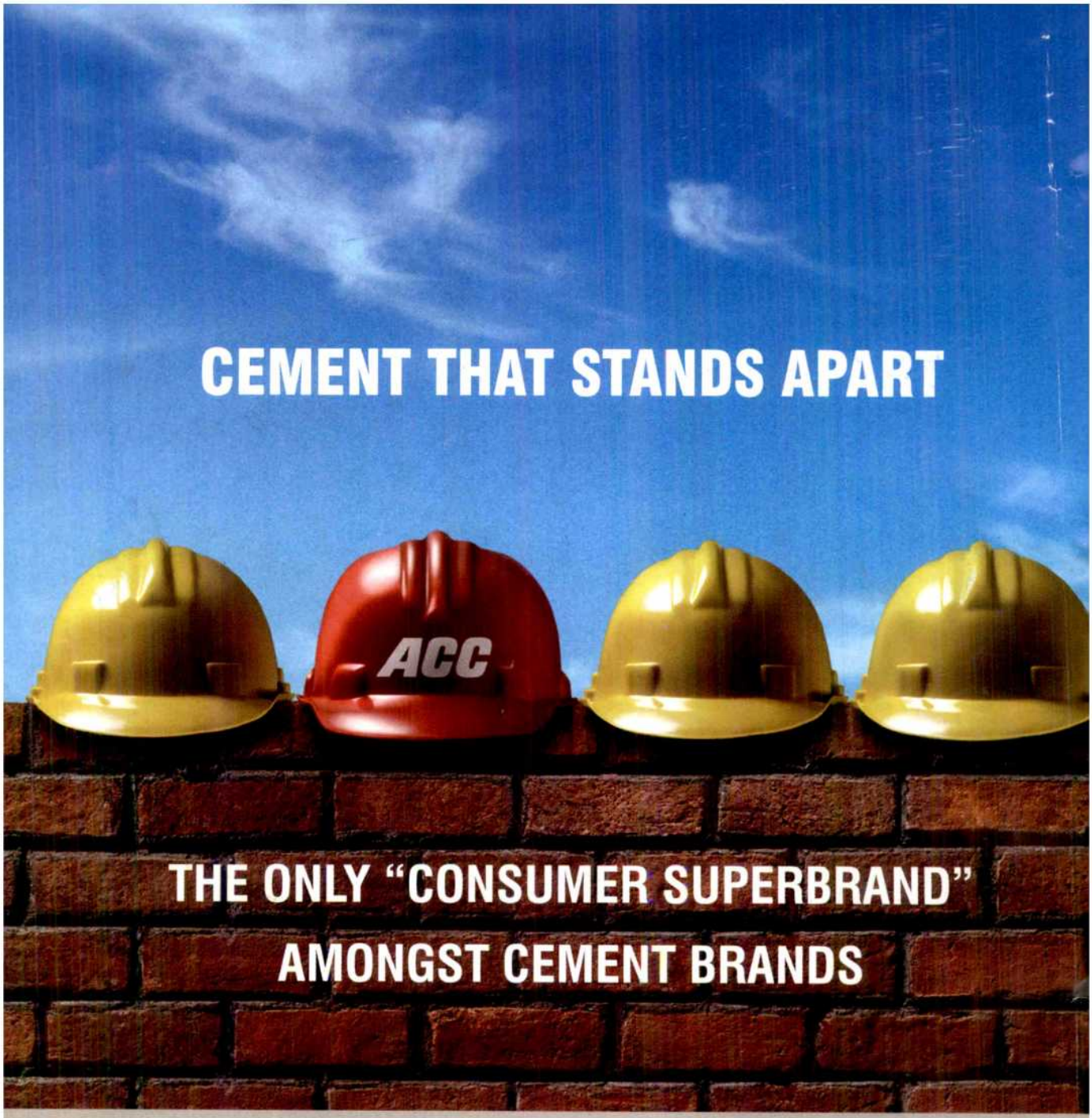
THE HOME STRETCH PART II

NEW HORIZONS



ow Ratan ata is building new clutch of lue chips at ome PAGE 48

DIA'S No. 1 NESS MAGAZINE ST READ



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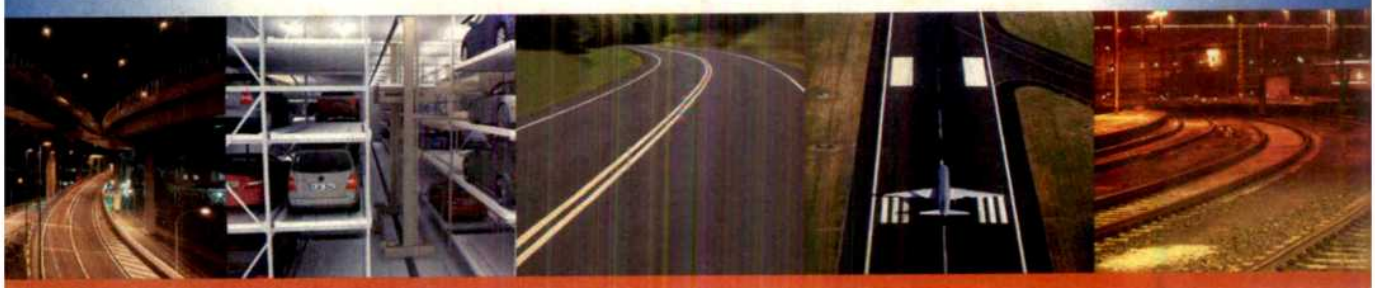

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Editor's Letter

Control And Growth

by rajeev dubey, deputy editor

INDIA'S RS 41,00,000 CRORE COMmodities market is victim of excessive controls, greedy intermediaries, power brokers and a host of manipulators. The problem is worst in agricultural commodities. Power brokers are preventing the government from enacting reforms so as to retain their influence over the trade through crooked politicians and bureaucrats. Middlemen, in the name of protecting small shop-owners, are sabotaging the proliferation of organised retail chains that work directly with farmers. Other intermediaries, who resent the growing access to information technology among farmers, are opposing online trading of commodities and such innovations. That means that just about 5,000 to 10,000 people actively trade in commodities as compared to the 3 million who actively trade in stock markets, leaving the commodity prices open to a small bunch of well connected manipulators. The result: highly risky and unreliable food prices.

As Senior Associate Editor P Vaidyanathan Iyer says in this cover story, there are no easy answers to this scenario. It's a chicken and egg situation. India exercises excessive control and doesn't allow foreign trade bodies, banks and FIs to trade in commodities. This encourages manipulation. And by not opening options trading, the government has shackled the markets.

Where the government isn't trying to control markets, we've gone to another extreme. India allows trading in 100-odd commodities while one of the world's largest commodities exchange, the Chicago Board of Trade, allows only five commodities. Keeping tabs on such a large commodities basket is a nightmare.

So while the markets are caught in a vicious cycle of growth and controls, the solution is probably somewhere in the middle — restriction in the number of commodities being traded and inducting competition in the form of a phased access to the markets to foreign traders.

Continuing with our three-part series on Ratan Tata's last 'term' in office, this week, Associate Editor Baiju Kalesh examines how Tata is steering the group through some of the most competitive sectors in the domestic market.

As we close this issue, Tata Motors has defied global auto manufacturers and kept chairman Ratan Tata's promise to launch the much awaited small car at the emotional price of Rs 1 lakh. Watch out for our coverage of the new Tata Nano next issue.

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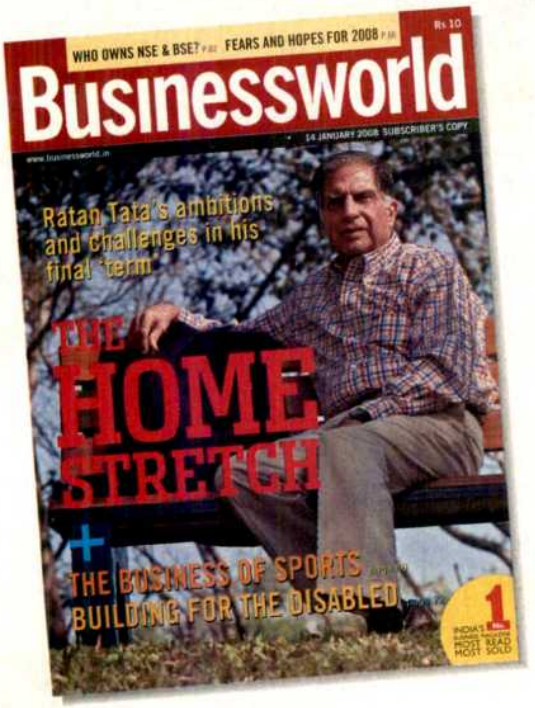
Feedback your comments



A Fresh Start

Congratulations to the members of the team for coming up with a really good new-look *BW*. The classifications, sub-headings and the treatment of subjects are really refreshing. Keep up the good work. As a suggestion, do reserve a section for personalities or organisations who stray from the beaten path to contribute to society. There are several individuals and NGOs doing yeomen service to society and should be brought to limelight to provide the much-needed sobriety to our wealth-chasing youth.

A.K.N Prasad, via e-mail

Glad to see that *BW* has kept alive its tradition of 'keeping it fresh'. Not only does the new design keep it up with the times, the new sections make for interesting reading.

Omkar Suvarna, via e-mail

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Pointing Fingers

'Whither Reforms?' (*BW*, 7 January 2008) by former finance minister Yashwant Sinha has highlighted failures of the present UPA government. Even though our government is headed by a celebrated economic reformer, Manmohan Singh, economic reforms have taken a back seat. The government has failed in containing the price rise in essential commodities. Rural infrastructure has to be improved to raise the quality of rural life. We need hundreds of institutes of excellence so that the young population can benefit and regional disparities are minimised.

Bhanajirao Deshmukh, via e-mail

Size Does Matter

Firstly, congratulations for the new design. Referring to 'Charity As Enterprises' (*BW*, 14 January 2008), charity is not a new word for Indian corporates, but it is only publicised when a Mallya or Ambani does it. There are hundreds of second-and third-rung corporate leaders who also open their pockets for society and they should also be given due recognition.

Bal Govind, via e-mail

Glad To Counter

Congratulations on a timely message in your column 'It's the Sun, Stupid' (*BW*, 14 January 2008). It's a sham that people who have authority think they can put a cork on climate change by tweaking a couple of things. It's time we realised that nature has its way and it is best if we adapt ourselves, as we have from the time life first erupted on this planet. Let us find ways of conservation to enable us to have a better life. Projections about the future have always been off target by miles and the hope that if we do something on CO_2 emissions will make this planet rosy in the future or we will be able to maintain the present status quo can only be a quixotic dream. Let us adapt and find ways by which, even if things were pretty bad, we could survive and develop to have a comfortable life for our kids.

Vinod E.P, via e-mail

Corrigendum

'To Each His Own' (*BW*, 14 January 2008) has incorrectly stated that 'the actions of the IRDA visibly impact financial markets'. The error is regretted.

The letters have been edited for brevity.

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AMIT VERMA

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WEB EXCLUSIVES

Make Your Chair Sing
Scientists are trying to see how sound waves can be tapped to make inanimate items around you crackle into life, reports T.V. Jayan

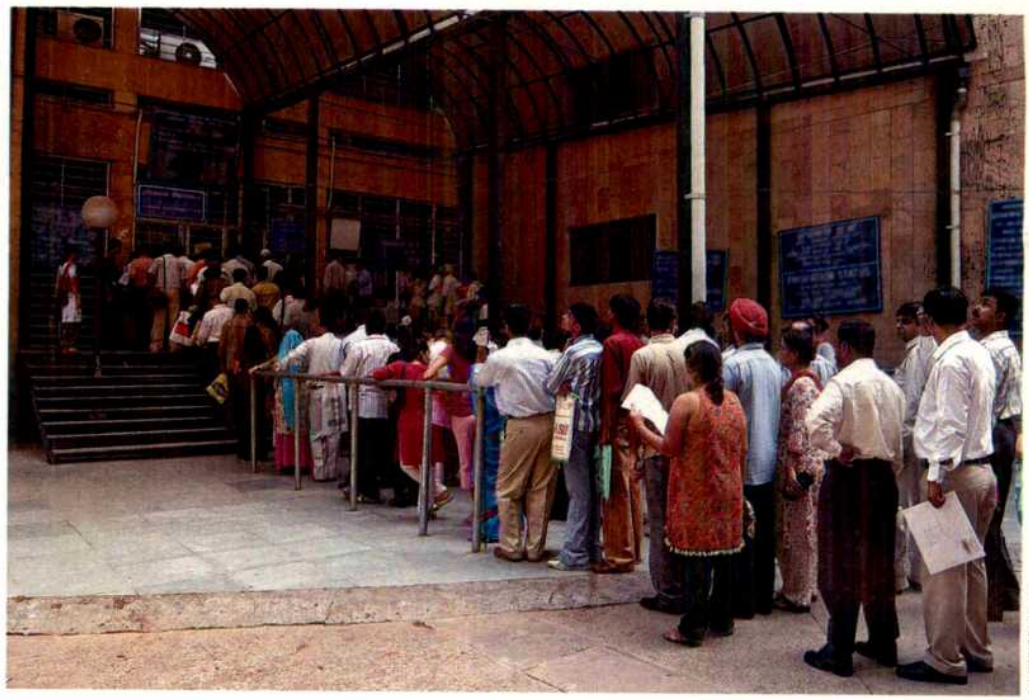
Beating The Jewel Thieves
The high-security Bharat Diamond Bourse which is coming up in Mumbai will make diamond trading safe, says Velly Thevar

Total No. of pages including cover: 92

BANKING

Licence To Fill

The branch licensing process needs careful review and thought



DILEEP PRAWAL

NO MORE QUEUES: Most bankers support the idea of doing away with branch licensing

SHOULD OPENING NEW bank branches be a regulatory decision or a business one? Much has been made about the Reserve Bank of India's (RBI) control over what is essentially a business decision. And most bankers think that the finance ministry's idea of doing away with licensing of bank branches is a good one, an anachronism that should be removed.

The truth, however, is a little more complex; it is less a licensing process, and more a negotiating tool.

Here's why. At present, banks discuss their expansion plans with the central bank on an annual basis, including geographical location. The RBI uses the discussion to fulfil a social policy objective — ensuring that part of the branch expansion includes under-banked areas so that poorer sections of the population have access to financial services. The licence is simply a piece of paper required by the Banking Regulation Act, which can be amended.

In the past, the RBI has used the licensing process as a punishment mechanism; many private banks that were involved in the so-called demat account scam were not granted branch licenses for almost three years. In one bank's case, space for 100 branches had been acquired, the interiors done, and the personnel in place. The lights never came on.

The RBI has also used this to deny American banks branch licences because their home countries would not follow the reciprocity principle; requests for branch licences from Indian banks have been pending with the US authorities for years. If we want to do away with branch licensing, shouldn't we put something else in its place?

Srikanth Srinivas

$3 quadrillion: The compensation demanded by a Hurricane Katrina victim in New Orleans, US

QUOTE OF THE WEEK **"Even if he leaves, we have 10 CEOs wanting to join."**

– Jet Airways chairman Naresh Goel, on Jet CEO Wolfgang Prock-Schauer

OIL

Pricing it right

A price correction is imminent. What is a lacking is the political will

GET SET FOR A marginal price hike in petrol and diesel. The correction is inevitable, since global crude oil prices are hovering at $100 a barrel and India imports 70 per cent of its needs. The Indian crude basket itself stands at $75 a barrel today.

The quantum of hike is likely to be firmed up by a Group of Ministers on January 17, when it meets for the first time.

Will the UPA government blink, or prefer to wait till the Budget, when the finance minister can juggle taxes to mitigate the impact? Given the drubbing the ruling combine received in Gujarat and Himachal, it may just hold on to the prices.

But delays will only make it more difficult for oil marketing companies (OMCs) since Finance Minister P. Chidambaram is unlikely to settle for additional subsidy or even continue with the existing quantum. OMCs get compensated through oil bonds to the extent of 42.7 per cent of their under recoveries and upstream companies share one-third of the burden. It is, however, estimated that these companies would still face a loss of Rs 18,000 crore despite these measures.

The current levels of low inflation and high growth offer the government an opportunity to at least partly bring retail prices in sync with global crude prices.

M. Rajendran

BLOOMBERG

SOARING HIGH: Oil marketing companies might suffer a loss of Rs 18,000 crore

Global NEWS

President in love: India may be rolling out a red carpet to Carla Bruni, French President Nicolas Sarkozy's girlfriend, on Republic Day, but Saudi Arabia has shown no qualms in asking Sarkozy not to bring Bruni along on his visit to the Islamic country next week. The Saudi government cited 'religious' reasons.

MERRILL'S PAIN

Merrill Lynch's stock has dropped 40 per cent from its January 2007 peak

Figures don't add up to 100% due to rounding

Source: Boomberg

REGULATORS' APPOINTMENT

EXIT STRATEGY

THE TERMS OF THE COUNTRY'S TOP three regulatory chiefs — of the Reserve Bank of India, Sebi and Insurance Regulatory and Development Authority — are about to get over. Except for the insurance regulator, the others can be reappointed. But if they are not, people will not know the reasons.

The government never explains why an official appointed under a statute — where the tenure is defined — is not reappointed even though he or she is eligible. RBI, Sebi, IRDA, Trai, and Company Law Board are statutory creations and the top posts are term-specific.

"Once a person is eligible and experienced in the job, it is all the more proper to reappoint (the person)," says C. Achuthan, former presiding officer of the Securities Appellate Tribunal.

Whether a person is replaced or reappointed, people have the right to know the rationale of the appointing authority's action. To improve transparency, ministries should disclose the reasons behind replacements.

Dinesh Narayanan

HILLARY HITS BACK

Hillary Clinton's comeback victory over Barack Obama in the New Hampshire primary on 7 January has revived her campaign and set up what will probably be an extended battle for the Democratic presidential nomination. Hillary's win came just five days after her stunning third-place finish in Iowa.

AP

CRICKET

Money Over Principles

AP

India got ICC to relent at Sydney, but it cannot claim a moral highground

FOR YEARS, INDIANS have crowed about their power to control international cricket. Now they have proved it. Last week, the International Cricket Council (ICC) took the stand of supporting its umpires and referees, who were accused of bias against India. But ICC's principles vanished when India threatened to pull out of the Australia tour.

Had India called off the tour, Cricket Australia would have got some compensation from the Board of Control for Cricket, but it would have devastated ICC's finances. Most of ICC's broadcast and sponsorship revenues come from the companies dependent on Indian consumers.

True, the Indian team was hard done at Sydney, but the ICC's course correction under duress only weakens India's moral authority.

Feroz Ahmed

PSYCHOLOGY

BLOOMBERG

Smelling Troubles

IF YOU ARE WOMAN, AND IF YOU DAUB ONE too many sprays of perfume, then you could do with some help. According to a new study by Tel Aviv University, women who wear too much perfume may be suffering from depression as they tend to lose their sense of smell. The researchers discovered a link between depression and the loss of a sense of smell. They showed those who are depressed lose sensitivity in their olfactory glands at the same time and, thus, unwittingly splash too much scent about

Reality Check

The UN did not a have a copy of the Charter of the United Nations until it received the copy of the 1945 document from the National Archives, Washington, on 3 January, 2008.

POLITICS

THE NEW CAPITALIST

ABP

HAS CAPITALISM triumphed over the only other significant economic ideology — socialism/ communism — in the world? Deng Ziao Ping shone the first light on the path communism was headed when he said it does not - matter whether the cat is black or white as long as it catches mice.

Jyoti Basu put it in black and white a few days ago when, backing West Bengal Chief Minister Buddhadeb Bhattacharjee's capitalist model of development, he said in the current context capitalism is the way to go, even for the Communist Party.

Basu's statement tore the veil off the hypocrisy that has shrouded the Left all these years. No more does the CPM need to explain its actions wearing an ideological straitjacket, something the Marxists have perfected over the years. The ideological war seems to be over.

Dinesh Narayanan

TOP 10 LISTINGS

TOP 10 BUSINESS PAPERBACK BOOKS

1. **The Tipping Point:** How little things can make a big difference
2. **Getting Things Done:** The art of stress-free productivity
3. **Blink:** The power of thinking without thinking
4. **A Whole New Mind:** Why right-brainers will rule the future
5. **Good to Great and the Social Sectors:** A monograph
6. **Getting to Yes:** Negotiating agreement without giving in
7. **How to Win Friends and Influence People**
8. **Stop the 401(k) Rip-off!:** Eliminate costly hidden fees to improve your life
9. **Influence:** The psychology of persuasion
10. **The Goal:** The process of ongoing improvement

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BSE's recent rejigging of its directors smacks of bureaucratese

BSE

In The Public Interest?

RECENT HAPPENINGS on BSE's board throw up a question: should shareholders serve as public interest directors on the board of a corporatised stock exchange? Four public interest directors (PIDs) resigned on 13 September 2007. On the same day, BSE reappointed all of them as shareholder directors.

The directors are: Jamshyd Godrej, CMD of Godrej & Boyce Mfg.; Ishaat Hussain, finance director at Tata Sons; Vivek Kulkarni, CEO of Brickwork India; and Sudipto Sarkar, senior advocate of Kolkata High Court.

BSE rejigged its directors' designations to comply with a Sebi directive of having on its board one MD, broker directors and PIDs each not more than one-fourth of board strength, and balance as shareholder directors.

BLOOMBERG

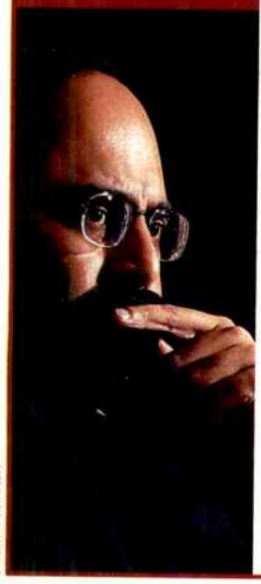
GOING BY THE BOOK: BSE's action is to comply with a Sebi directive

Tata Sons, Godrej & Boyce, Brickwork India and Sarkar would be holding stakes in BSE to qualify to be shareholder directors. But why were the shareholders acting as PIDs before September? Of the three PIDs, one is from the finance ministry; the others are HDFC Bank's chairman and Nicco Parks' chairman. Are the latter two also shareholders in BSE? Then, how will they act in public interest?

Rajesh Gajra

THE COST OF BAD GOVERNANCE

BY RAJEEV CHANDRASEKHAR



DILEEP PRAKASH

GOVERNANCE AND DEVELOPMENT have entered the parlance of Indian politics only over the last decade or so. Many years ago, Rajiv Gandhi made the famous statement that of every rupee spent by the government, only 17 paise reached the intended beneficiary. It was a courageous indictment of our 'delivery' mechanism or what we know as governance.

Responding to a question about rural and urban per capital incomes in Parliament recently, the finance minister admitted to a widening of this gap in the last decade, despite a huge increase in allocation to the rural economy, through schemes such as National Rural Employment Guarantee and Bharat Nirman. He, of course, attributed this to poor governance by states.

It's fashionable today to be a cheerleader of a 'new India'. But the rhetoric that India could be tomorrow's super power is running far ahead of basic realities. It hides the continued decay of our governance and institutions. The general cynicism with the institutions of government at the grassroots level is probably at an all-time high. The politicisation of almost all institutions that form part of the government is complete, except perhaps the judiciary, election commission and the military.

It never ceases to amaze me how little we as civil society really know or care about what goes on in government. It is even more amazing how little even Parliament sometimes knows or does on governance issues of major financial impact. Over a series of articles to appear every fortnight in *Businessworld*, I will attempt to describe some examples of bad governance, and also talk about the losses they result in. You will realise these are not insignificant and if put firmly on the political agenda, they can help raise resources to address some of the more pressing problems faced by our millions.

Poor governance is making a few people rich and the country poor. Examples of this are all around us: telecom licensing, power, mining leases, rural and urban programmes, mid-day meals, liquor excise collection, SEZ land acquisition, etc. The institutions that are supposed to deliver governance are seriously letting us down.

The costs of this are significantly high.

MAYAWATI'S ASSETS

Cloud over clean chit

The Tax Appellate Tribunal's clean chit runs against tax laws

WHILE THE OPPOSITION in Parliament has accused the Congress-led UPA of a behind-the-scenes deal with Uttar Pradesh Chief Minister Mayawati on her income tax case, in return for political support, the income tax department plans to approach the Allahabad High Court challenging the Income Tax Appellate Tribunal's exoneration of Mayawati's plea that the source of her wealth is gifts from her fans.

AP

TAXING TIMES: The IT department says the UP CM should pay more tax

The tax department contends that the UP chief minister's wealth — declared by her at Rs 52 crore — is out of line with her sources of income. Mayawati paid an income tax of Rs 14 crore for the assessment year 2008-09. According to a rule inserted in the tax laws in 2004, gifts — other than those from relatives — are taxable.

Puja Mehra

Nuclear
DEAL

Dead or alive? With India and IAEA failing to finalise an agreed text on India-specific safeguards during the talks last week in Mumbai, there would be yet another round of talks in Vienna next week. Until India finalises the text, the US cannot negotiate with the 45-member Nuclear Suppliers Group to allow India to integrate with international nuclear commerce.

$1 billion. The cost of violence in Kenya following the disputed presidential elections.

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IBM helps companies like CenterPoint Energy create intelligent utility networks that can help provide greater service reliability and promote energy efficiency.

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IBM helps implement systems that allow healthcare organisations to share critical medical information in real time, which can lead to better care for thousands of patients.

START SOLVING

IBM is helping cities around the world implement smart traffic systems that can actually help reduce gridlock.

START EXPLORING

IBM and National Geographic have teamed up on the Genographic Project – a five-year study using over 200,000 DNA samples to map how humankind has populated the globe and to uncover the genetic roots we all share.

START CONNECTING

IBM helped Staples create a better, more efficient web experience, increasing their online conversion rate by 60%.

START PROVIDING

IBM helps major insurance companies develop flexible operations so they can offer their clients personalised, dynamic services.

START STREAMLINING

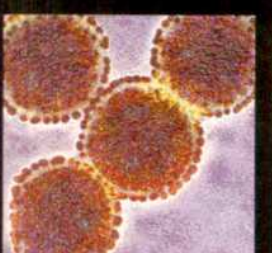
IBM works with major automotive companies to create flexible new processes and systems that can help reduce operational costs.

START GROWING

IBM's globally integrated delivery model helps companies rethink their business structures – allowing them to optimise resources, cut costs and expand into new markets.

START PROTOTYPING

IBM helped Clarion Malaysia develop a 3D design system that helps reduce manufacturing errors, cutting design cycle time by nearly 50%.



START ANTICIPATING

IBM and The Scripps Research Institute are using supercomputers to help determine which of the one billion possible mutations of the avian flu virus are the most infectious so that vaccines can be developed before outbreaks happen.

START EXCEEDING

IBM is helping banks reduce the time it takes to open an account from hours to minutes, making the overall customer experience faster and much more convenient.

BLOOMBERG

Reliance's Iraq exploration

Reliance Industries (RIL), the world's fourth-largest oil refiner, has set its eyes on oil-rich Iraq, which has the world's third-largest reserves of crude oil with 115 billion barrels of proven supplies.

Reliance will formally register with Iraqi authorities to bid for exploration rights in Iraq.

RIL already has exploration activities in the Middle East, Asia-Pacific and South America, besides owning exploration blocks in Yemen, Oman, East Timor, Australia and Colombia through its subsidiaries.

MTV goes mobile

Viacom Brand Solutions, MTV's marketing vehicle, has signed up with telecom service provider Vodafone to provide customised integrated marketing solutions targeted at the youth.

This is to create a unique interactive content for Vodafone customers. The content, which is to be delivered over the next 12 months, will be in the forms of ringtones, caller tunes, screensavers and wallpapers.

Cranes Software gets Chinese code

Bangalore-based Cranes Software International is going to invest Rs 72 crore in US-based Engineering Technology Associates (ETA), which has an advanced design and product development centre in China. This will help Cranes foray into the fast-growing Chinese auto market.

Microsoft's new search

Microsoft is expanding its search software business. It has offered to buy Norwegian software company Fast Search & Transfer for 6.6 billion kroner or $1.23 billion. Fast provides internet-search software to companies. The deal, which is expected to be completed in the second quarter of 2008, is subject to approval from shareholders representing more than 90 per cent of Fast's shares.

Marksans' UK discovery

Mumbai-based Marksans Pharma has acquired UK-based Hale Group. This will give Marksans full access to Hale's 160-year-old subsidiary — Bell, Sons and Co. Post acquisition, According to Marksans, global revenues from the regulated market could be as much as 50 per cent of the company's total revenue.

Suzlon inks new energy pact

Suzlon Energy, the

DEALTRACKER

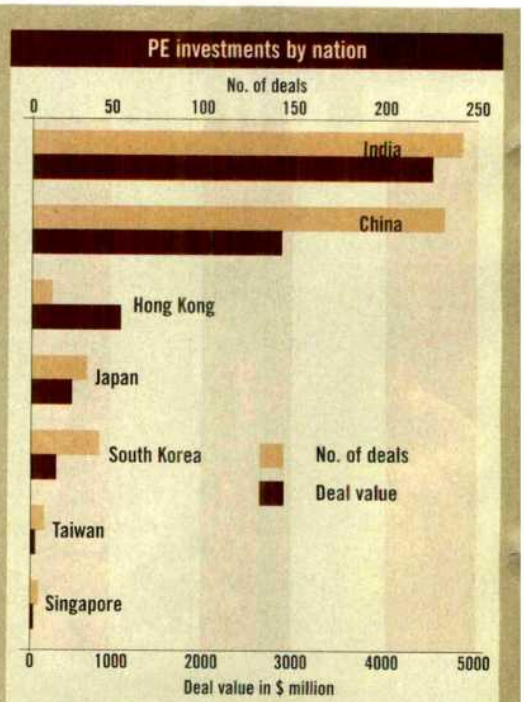
BW-THOMSON FINANCIAL PE TRACKER

December-January The Asian PE market saw 629 deals worth $9.34 billion on 31 December 2007. India emerged as the largest market in the region with 245 deals worth $4.48 billion.

Top India deals

TARGET	INVESTOR	INVESTOR NATION	DEAL SIZE ($M)
Bharti Infratel	India Equity Partners, Goldman Sachs, Citigroup Venture, AIF Capital, Temasek Holdings	India, US Hong Kong Singapore	1,003.00
India Infoline	Orient Global	Singapore	241.00
Goodearth Maritime	IDFC Private Equity	India	65.00
PTC Financial Services	Goldman Sachs, Undisclosed firm	US India	39.60
Perfint Engineering Services	IDG Ventures India, Erasmic Venture Fund	India, Mauritius	2.50 NA
Amtek India	Warburg Pincus	US	

Figures for 23 December 2007-5 January 2008



Figures for 1 January-31 December 2007

BLOOMBERG

world's fourth largest and India's largest wind energy provider, has inked two new orders with the Jingneng Group, China's leading power project developers. The contracts, done through Suzlon's wholly-owned subsidiary Suzlon Energy (Tianjin), China, call for 100 MW of capacity, to be delivered by May 2008.

M&M's global designs

Mahindra & Mahindra (M&M) has expanded its footprint with the acquisition of the business of GR Grafica Ricerca Design, an Italian auto designing, body engineering and feasibility and styling company. With this, M&M will be able to have a global design centre that will cater to global OEMs.

Gitanjali's gem buy

The Rs 3,500-crore Gitanjali Group has bought premium jewellery brand — Nakshatra. The acquisition, valued at approximately Rs 100 crore, was done through Gitanjali's Dubai-based subsidiary, Gitanjali Ventures. Nakshatra was a brand owned by Diamond Trading Company (DTC), with manufacturing, distribution and marketing rights held by Brightest Circle Jewellery.

This acquisition gives Gitanjali sole rights over Nakshatra and Brightest Circle. Gitanjali Gems is a DTC sightholder and one of the largest integrated diamond and jewellery manufacturers and retailers in India.

Seeding growth

Secunderabad-based seed marketing company Advanta India has acquired the business of Unicorn Seeds for Rs 65 crore.

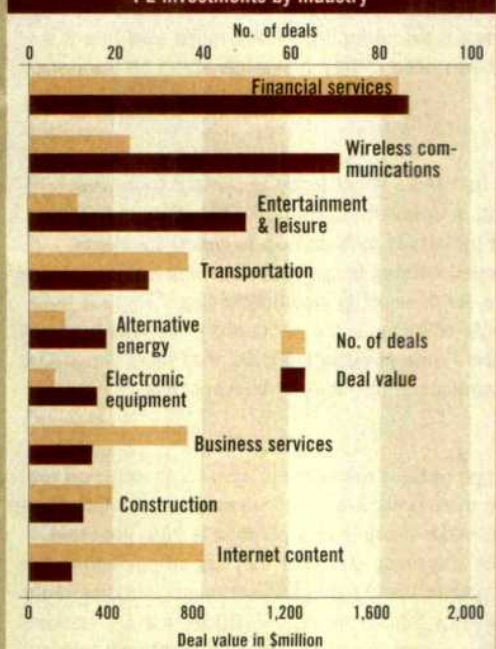
With this acquisition, Advanta can strengthen its exposure in the seeds market and leverage the brand equity of Unicorn, which has a strong presence in domestic as well as export markets of vegetable seeds.

Advanta is a 100 per cent subsidiary of United Phosphorus. Hyderabad-based Unicorn Seeds' production activities are concentrated in Karnataka.

BHL turns to infrastructure

Bitten by huge losses in its core business, India's largest sugar producer Bajaj Hindusthan (BHL) is diversifying into new areas such as infrastructure. BHL recently bid for two phases of the Uttar Pradesh government's 1,047-km Ganga Expressway Project in association with DS Constructions and the Apollo Group.

PE investments by industry



Figures for 1 January-31 December 2007

Top 10 Asia deals

TARGET	TARGET NATION	INVESTOR	INVESTOR NATION	DEAL SIZE ($M)
Bharti Infratel	India	Goldman Sachs, AIF Capital, India Equity Partners, Citigroup Venture Capital Intl, Temasek Holdings	US, Hong Kong, India, US, Singapore	1,000.00
India Infoline	India	Orient Global	Singapore	241.00
Goodearth Maritime	India	IDFC Private Equity	India	65.00
PTC Financial Services	India	Goldman Sachs, Undisclosed Indian firm	US	39.60
Boloni Home Products (Beijing)	China	Morgan Stanley Private Equity	US	18.00
360Quan.com	China	Koolanoo Group	China	5.00
Perfint Engineering Services	India	IDG Ventures India, Erasmic Venture Fund	India, Mauritius	3.50
Lihua Fast Food	China	Morningside Technologies	Hong Kong	NA
Amtek India	India	Warburg Pincus	US	NA

Figures for 23 December 2007-5 January 2008

Note: Sum invested is actual money taken down or disbursed to portfolio companies. PE deals are classified as investments where the investor is a PE firm. The above tables do not include investments made by angel investors, hedge funds, trusts and corporate investors. Such investors are taken into account only when they have invested alongside PE firms.

Log on to www.businessworld.in for the complete list

Quick Take

Should India commit to cutting its carbon emissions even though the US still hasn't?

We asked... Pratap Bhanu Mehta, President and Chief Executive, Centre for Policy Research, Sunita Narain, Director, Centre for Science and Environment, Rajiv Kumar, Director and Chief Executive, ICRIER, Saurav Adhikari, Corporate Vice-President of Strategy, HCL, Ajay Shah, Senior Fellow, National Institute for Public Finance and Policy, Saurabh Kumar, Secretary, Bureau of Energy Efficiency, Mrinalinee Vanarase, Executive Director, Ecological Society, K. Srinivas, Team Leader, Climate and Energy, Greenpeace, Arun Kumar, Associate Director, KPMG, Pawan Gulani, Manager of Strategy for Financial Services, Reliance Retail

"India needs to demonstrate its intellectual and green credentials by cutting carbon emissions."

Saurav Adhikari, Corporate Vice-President of Strategy, HCL

"Commitment would imply penalty for negative performance, which can be very high."

Mrinalinee Vanarase, Executive Director, Ecological Society

"Industrialised world must take tough and deep binding emission reduction targets."

Sunita Narain, Director, Centre for Science and Environment

Yes 27%

YES BECAUSE: Putting caps on carbon emissions by various countries has always been an appealing, albeit contentious, solution for global warming. The US, which is the biggest emitter of greenhouse gases, has so far abstained from making any such commitment on the grounds that it would be detrimental to their growth process. Some of our respondents felt that just because the US refuses to commit doesn't mean that India too has to follow in its footsteps. Global warming is a major crisis that needs to be tackled proactively. For that, India should make the commitment and make sure that it is supported by internal policies and regulations. It would also need to take a stronger stand on the issue by advocating for global agreements.

No 55%

NO BECAUSE: Most of our respondents felt that India is not ready to commit to any such pact yet. India is already party to the Kyoto Protocol and is involved in significant voluntary reductions. A binding commitment could have serious implications if India fails to match up to global standards. Instead, there is need for a collective effort from developed nations to cut emissions and ensure that the appropriate resources are transferred to poorer countries for developing clean technology. There is huge disparity between the emission levels of the US and those of India — the per capita emissions in the US are 20 times those in India. Therefore, many felt that the Prime Minister's stance, that India will always keep its emission levels below the global average, is a strong commitment in its own sense.

Maybe 18%

MAYBE BECAUSE: Some felt that although India is not ready to commit to emission reductions yet, there is a clear and urgent need for it to be more proactive nonetheless. Even if a formal and binding pact with the international community does not make sense at this point, it is high time that India set its own internal standards for carbon emissions and made sure that they are strictly adhered to. India needs to take a leadership position by impelling industrialised nations to set tough emission reduction targets as well. The world has to reduce its emissions by 50-85 per cent by 2050 to avert the worst impact of climate change and a collective initiative in this regard is crucial. Thus, it is not only important for India to sign the Kyoto Protocol, but to also ensure that the developed world does the same.

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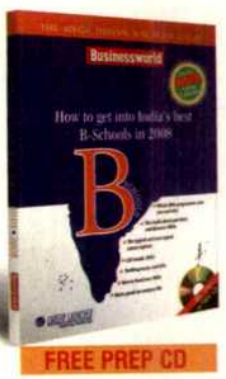

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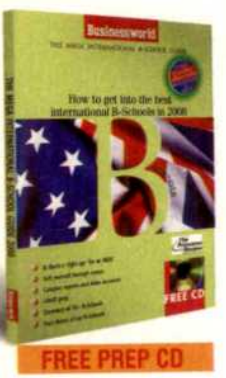

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Eight Fallible Predictions

by omkar goswami

WE ARE STILL IN THE SILLY SEASON. WORKLOADS are not at the peak; people are mistakenly writing 2007 on cheques; the bonhomie and gastronomic excesses between pre-Christmas and New Year remain in the air. As most of us are getting settled in to 2008, here are eight predictions that can go completely wrong by the end of the year.

Some surprising and some not so surprising predictions for international economies in 2008

Prediction 1: The US economy will considerably slowdown in 2008, with US GDP growth for 2008 hovering around 1.5 per cent, give and take a bit. The construction of private housing units (or 'housing starts') is a robust index of US economic growth. The numbers don't look good at all.

New housing starts in November 2007 were 24 per cent below what they were a year earlier; and 48 per cent lower than the peak in January 2006. Despite some pick-up in October and November 2007, retail sales growth has been consistently lower on a monthly basis compared to 2006.

Most ominous is the US non-farm unemployment rate. It has been creeping up and is now at 5 per cent — the worst since November 2005. Be prepared, then, for a much more sluggish American economy.

Prediction 2: The Euro Zone and Great Britain will also see a slowdown in 2008. The Euro Zone is expected to have grown by 2.6 per cent in 2007 — itself 0.4 percentage points below the 2006 growth. For 2008, the growth will be more like 1.6-1.8 per cent. British GDP growth will also reduce from 3 per cent in 2007 to under 2 per cent in 2008. As in the US, almost every real sector indicator is pointing to a slowdown.

Prediction 3: We will continue to hear the word 'subprime' throughout 2008. Everyone agrees that there is a great deal more to unravel. The only difference lies is what does 'great deal more' mean? Another $100 billion in write-offs is everybody's lower-bound estimate. But where will it stop? Another $150 billion? $200 billion? Or more? For every $1 billion written off, capital adequacy will reduce fund availability by $10 billion-12 billion.

Besides, each dose of bad news will erode market confidence and gum up the financial system. Arguably, there will be a price at which investors will buy bargain basement mortgage backed paper and collateralised debt obligations. But before that, there could be a flight to safety — in favour of government securities and commodities.

Prediction 4: The US dollar will weaken further. If I knew by how much, I would be sunbathing on my own Caribbean island. But here are the facts. On 3 January 2006, the US dollar equalled 0.83 euros. By 2 January 2007, it was 0.75 euros. On 7 January 2008, it was 0.68 euros.

Here's what I have been sharing with my friends in industry. Do your budgets for 2008-09 based on an exchange rate of at least Rs 38 to the US dollar — preferably Rs 37.50.

Prediction 5: Crude oil is unlikely to go below $85 a barrel on a sustained basis. There are three reasons for this. First, there are no signs of a major slowdown in oil demand. Even with US, Euro Zone and Britain's growth coming down, big oil guzzlers such as China and India will still grow reasonably well. So while demand may reduce a bit, there will not be any sharp drop. Second, there will be no major increase in refining capacities in 2008. And third, for all its dissensions, OPEC will hold the line at around $85 a barrel.

Prediction 6: This may be a year of big commodity plays. As the subprime unfolds and US, Euro Zone and Britain face their slowdown, investors will continue punting big on commodities. As I write, gold is at $872.90 per troy ounce, or Rs 34,211 in Mumbai. I expect harder prices for other key commodities as well: precious metals, aluminium, copper, lead, tin and zinc.

Prediction 7: China will not revalue the renminbi. It will just crawl up the currency *vis-à-vis* the US dollar by 3.5-4.5 per cent over the year, as it did in 2006 and 2007. The US and the EU can say what it wants. China isn't revaluing in any hurry. Certainly not in 2008.

Prediction 8: India's growth will come down to around 8 per cent. Industry growing at 8 per cent, services at 10 per cent and agriculture at 3 per cent gets us to 8.2 per cent GDP growth. That is probably where we will be.

Refer to this article if I'm right for five of the eight. Otherwise, remember, all economists are profoundly fallible. Enjoy 2008.

Omkar Goswami, D.Phil
Chairman, CERG Advisory Private Limited

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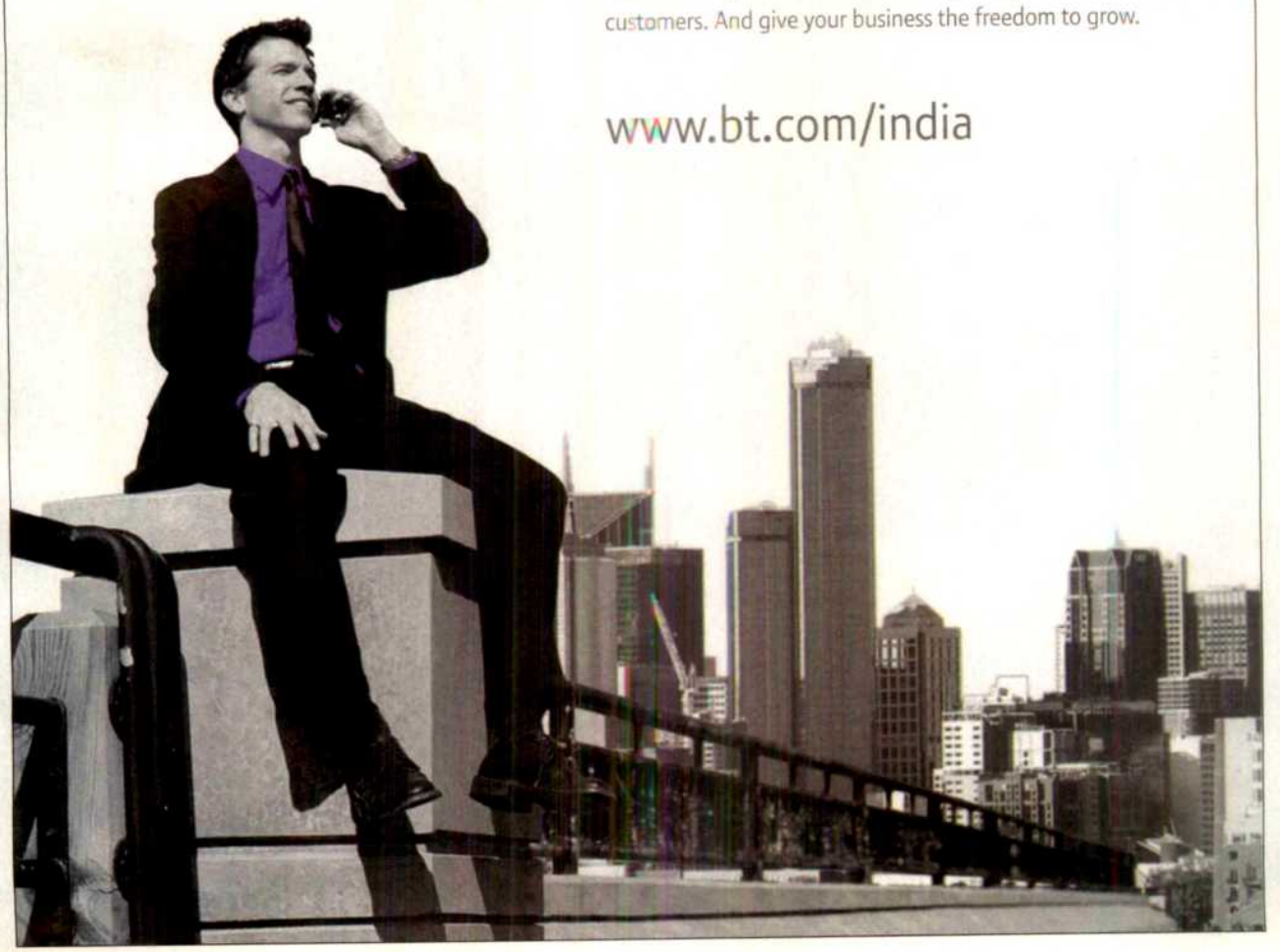
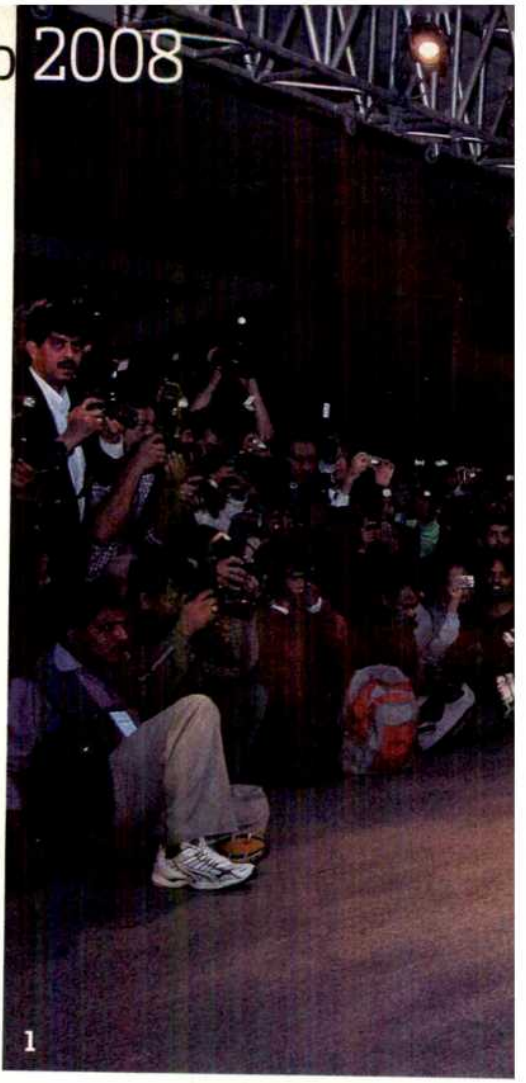


What Dreams May Come

FOR YEARS NOW, THE AUTO INDUSTRY HAS BEEN headed in one direction — small. With more people living in cities for the first time in human history, the need for a smaller cars will soon overtake the need for horsepower or speed. Auto shows give the public a chance to see the future and, in that sense, the Delhi Auto Show 2008 did not disappoint. Every major car maker, and even bike maker Bajaj, had a small car on display. Many of these were concepts — in response to the heavily anticipated People's Car from Tata. The Tata Nano was the undoubted star of the show. It met, even exceeded, many of the expectations built up over the past four years, from safety to emissions. But most importantly, it stayed true to its billing as the Rs 1-lakh car. As Ratan Tata, the chairman of Tata Group, said "A promise is a promise."

—Photos by Sanjay Sakaria, Amit Verma and Tribhuwan Sharma, Text by Pierre Mario Fitter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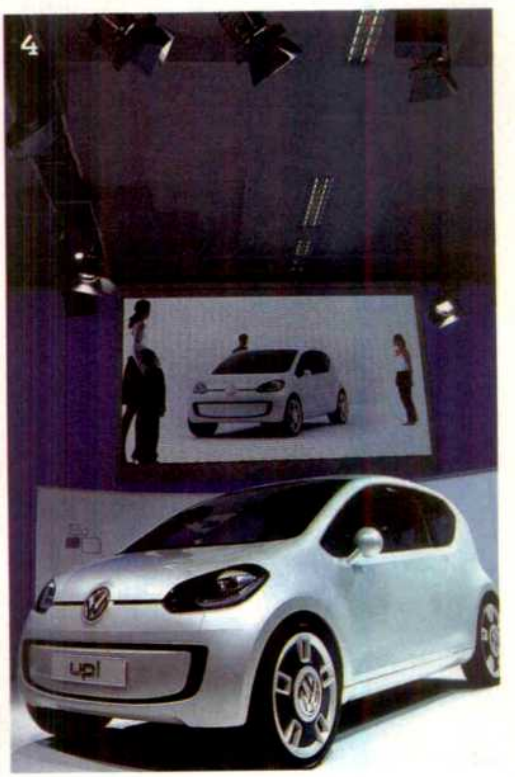
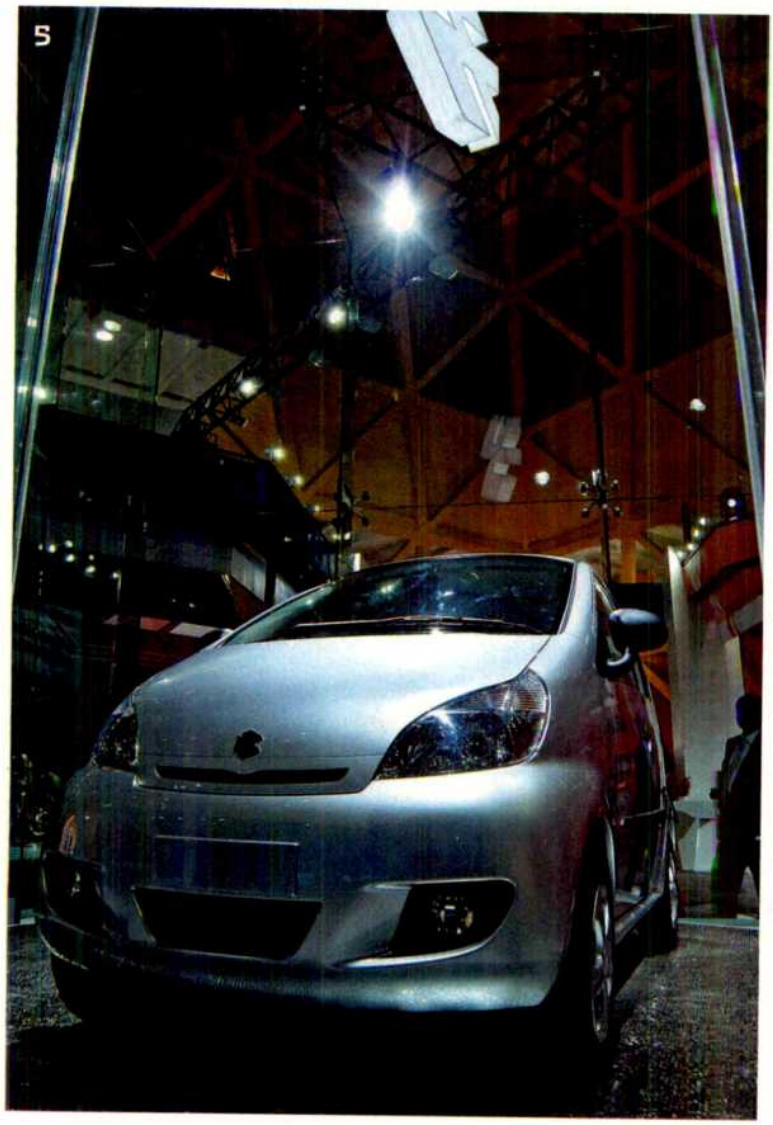
SMALL IS BIG:
1. Ratan Tata launches the much-awaited Rs 1-lakh Tata Nano
2. The updated FIAT 'Cinquecento' (500)
3. The Skoda Fabia
4. Volkswagen's up! concept

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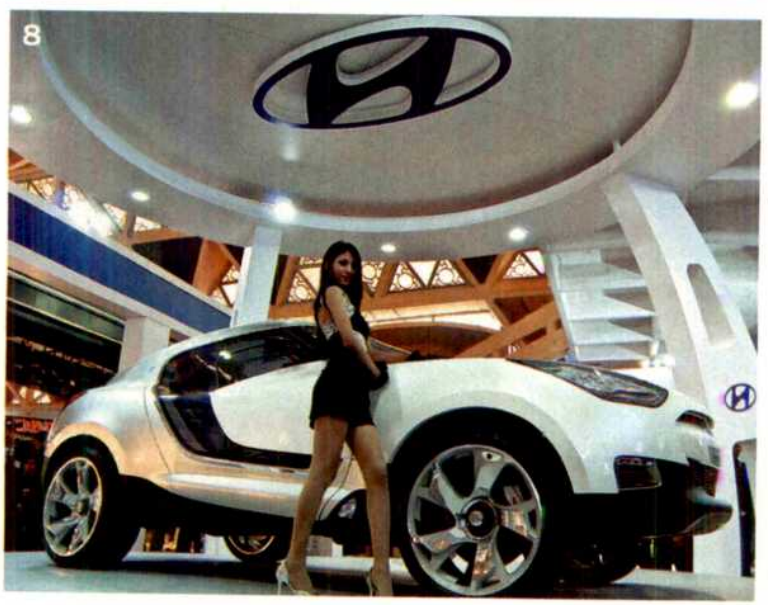
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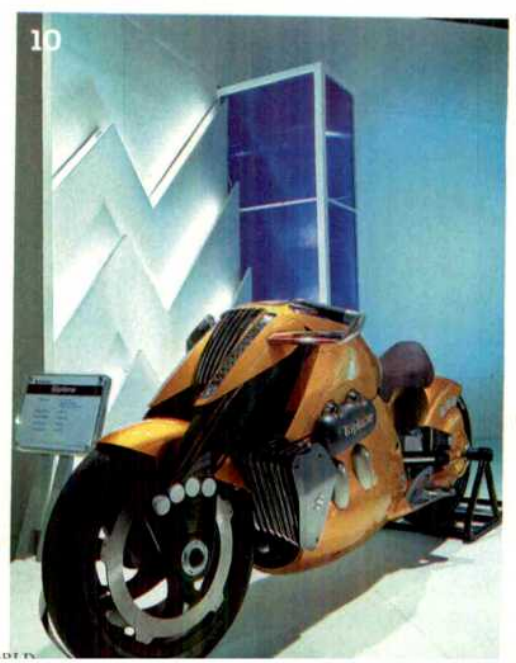
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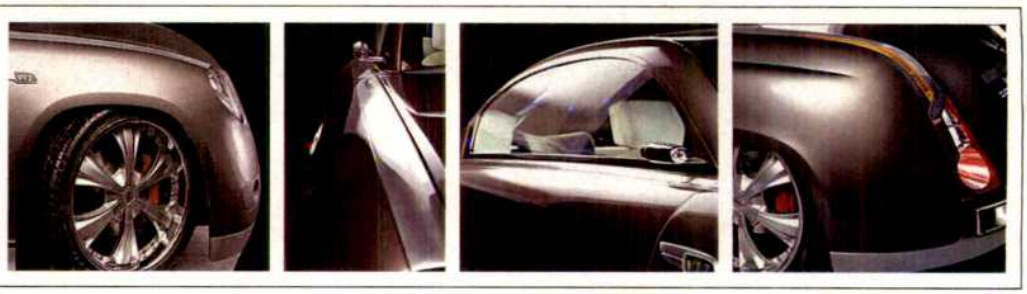
OPTIONS GALORE:

5. Bajaj Auto's small car concept
6. Sanjay Dutt and Dilip Chhabria at the launch of the latter's Ambierod super luxury car
7. A janitor walks past the new Audi A4 at the end of Day 1
8. The plastic-bodied Hyundai Qarmaq concept (named after an Inuit dwelling)
9. The new-look Tata Sumo Grande
10. The Suzuki Biplane motorbike concept
11. Suzuki's A-star small car concept, which will be manufactured mainly in India
12. Mahindra & Mahindra's Axe SUV
13. Renault's Twingo hatchback

AMBIEROD:
Automated instrumental panel backed by satellite navigation system; rear-vision camera;3 LCDTVs and videoconferencing facility; more than 16" of legroom in the backseat



Designing A Future

by Pierre Mario Fitter

The future of 'DC' rides on its concepts 'S' and Ambierod

DILIP CHHABRIA, THE FAMOUS DESIGNER OF DREAM cars, has driven into a new reality — his own top line. Shortly before the Delhi Auto Expo, the DC Design chief wheeled out an ambitious change of business strategy — manufacturing cars.

Today, 50 per cent of Chhabria's revenues come from taking a privately-owned car and doing to it what a plastic surgeon would do to your nose — change the way it looks. The other half of his revenues come from designing concepts for sports car manufacturers or even pen and furniture makers.

But Chhabria needs more. Last week, he unveiled two new concepts. The 'S' is DC Design's attempt at a sports car, which, Chhabria says, can reach speeds of up to 305 km/h. He plans to build 300 'S's, and sell each for around Rs 25 lakh. The other car is the ultra-luxury Ambierod; a futuristic take on the dumpy Ambassador. While it certainly looks every bit the luxury car, its price, Rs 4 crore, could make it India's most expensive automobile. Only 10 Ambierods will be made.

"Production and engineering is the new way for DC Design to grow," says Chhabria. What he won't say is that getting into production is probably the only means left to succeed for a firm once prided as a design-only studio. In 2000, Chhabria's small car concept, the Lil, failed to attract much interest from domestic manufacturers. The next year, he opened eight franchisees across India to sell car kits to the public — he was inundated with complaints about their quality. "I had to end it or it would burn our reputation," he says.

In 2003, Chhabria announced plans to grow his business to Rs 80 crore by 2006. The press labelled it "ambitious", considering his recent failures. Chhabria also announced he wanted to take his company public but needed to get "certain things" in order first. Five years later, DC Design is still privately held.

Now, Chhabria is hunting for a second round of funding from private equity firms and investment bankers. Now, "my investors are putting pressure on me to grow top lines," Chhabria admits. Outside investors, including investment bankers Jardine Fleming, own 25 per cent of DC Design.

If response to the two cars at this year's auto show is positive, Chhabria may well hit his target of 300 'S's, earning him a substantial Rs 75 crore in revenues. With each of his products having at least a 40 per cent profit margin, according to Chhabria's own estimates, the 'S' should fetch DC Design a very handy Rs 30 crore. An additional Rs 40 crore in revenues could come from the Ambierod.

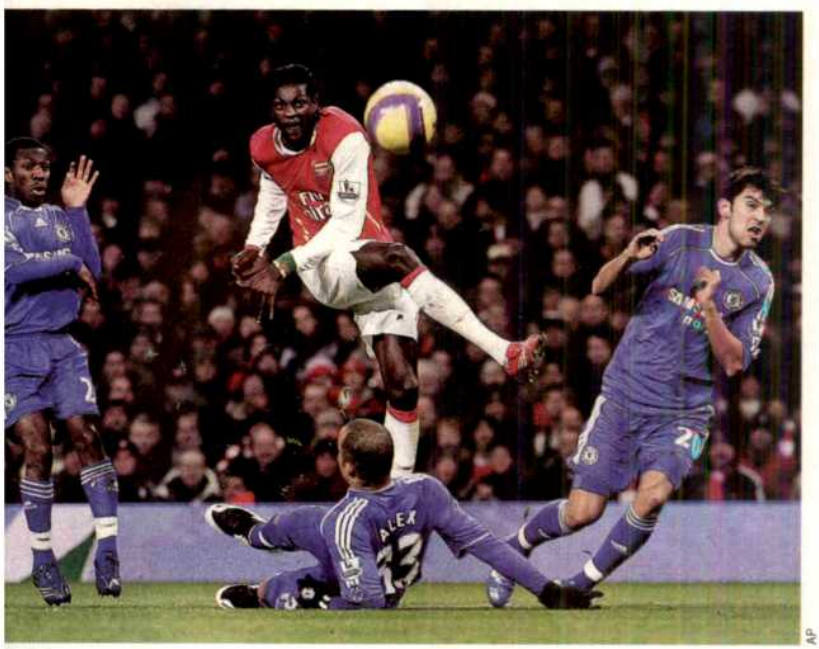
If the artist has learned anything from the past 14 years in business, it is that great design alone cannot make a car.

pierre.fitter@abp.in

S
An "affordable sports car"; can do 0-100 km/h in 3.7 seconds; customised trim options; can reach speeds of up to 305 km/h; only 300 will be produced

Money For Kicks

by Feroz Ahmed



AP

GOAL! Satyam has signed up with FIFA to sponsor the next two World Cups

India Inc. is backing football to take their brands global

CRICKET IS A RELIGION IN INDIA, BUT FOR INDIA Inc., the future belongs to football. As Indian companies go global, they want to be on a platform that gives them global recognition. What better platform than football, which has 204 countries playing international matches — cricket looks distinctly provincial in comparison with just 10 countries at the highest level.

One way to jump on to the football bandwagon is to tie up with a leading western club to develop and train talent. For example, when Delhi-based telecom major Bharti Enterprises went national five years ago, it used star cricketer Sachin Tendulkar as its brand ambassador. Today, Bharti aspires to be a global player and is targeting emerging telecom markets in Africa and West Asia, where football is a craze. So, it has tied up with Manchester United and announced plans to invest "whatever it takes" in a football academy — to be run jointly by Bharti Foundation and All India Football Federation (AIFF) — to create a globally competitive Indian national football team. The group has hired the world's largest sports management agency, IMG, to ensure that its billions produce results.

India's best known football academy yet, the 15-year-old Tata Football Academy in Jamshedpur, has been a modest success. However, it has remained an inward looking affair despite producing many Indian internationals including Carlton Chapman and Rennedy Singh. But now with the Tata Group making significant investments in football-crazy countries such as South Korea, England and South Africa, the group has gone a step further. Tata Tea has tied up with Arsenal FC, UK, for talent scouting and training the selected few at Arsenal's academy in England.

JCT, which has had a football team and an academy since the 1970s, has also tied up with an English club, Wolverhampton Wanderers, for an exchange of coaches and cadets.

IT major Satyam Computer Services has done it differently. It has signed up with football's governing body FIFA as a sponsor for the next two World Cups, to be staged in South Africa and Brazil. Satyam is hoping some of the football-crazy eyeballs would stick to its brand as well. Cumulatively, more than 30 billion viewers watched the previous FIFA World Cup in Germany on television.

But naturally, the academies and talent sponsorship arrangements will take time to deliver. Mittal expects to see India playing in the 2018 FIFA World Cup. Even that will not be easy, considering that India ranks 143 among FIFA's 204 members. JCT's Managing Director Samir Thapar blames Indian football's decline on too many local and substandard leagues. Besides consuming even the most talented players, they also prevent India's national team from playing enough international matches.

Still, Gary Lovejoy, COO of Zee Sports and a key member of the Zee-AIFF team that created the new national I-League for top Indian clubs, is optimistic. He says that India has the ability to catch up very fast. But, he warns, foreign connections can play only a limited role. India can sustain overseas clubs' interest in academies and exhibition matches here only if Indians prove themselves to be exciting competitors.

Misgivings notwithstanding, Indian companies are increasingly feeling the need to have Indians playing international football, be that as players in European clubs or as the national team in the World Cup. Their investments, thus, have as much to do with business as with national pride, but their strategy for increasing global brand recognition could help take Indian football to newer, undreamt-of heights. And that is a good bargain.

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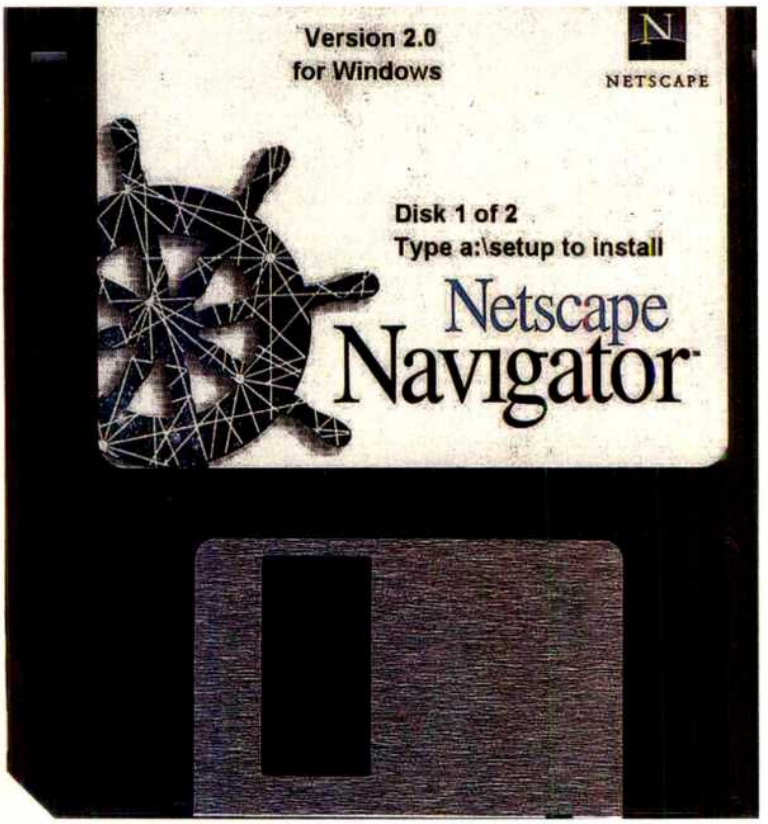

Death Of A Navigator

by Pierre Mario Fitter

Netscape won't be missed, but it had once changed the world

IF YOU'VE READ *THE WORLD IS FLAT* BY THOMAS Friedman, you'd know why 9 August, 1995 should be a red-letter day for India. It's the day that Netscape went public, spawning the IT boom – and bust – which, as Friedman argues, is when India's IT industry really took off.

Netscape's Navigator did for the internet what Ford's model-T did for cars; it made the technology accessible to everyone. Now 14 years after it started the dot-com wave, it is being quietly laid to rest by its current owners, AOL.

You wouldn't say it, but even in the early 1990s, the internet was really all about social and professional networking; except, the only people who ever used it were scientists. A maze of protocols, incompatible software and non-existent graphics meant that ordinary folks simply did not have the ability or the desire to go online. Netscape changed that because it made browsing the internet simple. Users no longer needed degrees in programming to put pictures and text on the Web page. The Navigator's popularity sky-rocketed as more people got online to stay in touch with distant loved ones and connect with others they'd never me(e)t.

The Navigator's story mirrors the fortunes of the entire dot-com industry. In its hey days, Netscape's Navigator was wildly popular both among users and investors. Within two months of going public, Netscape's stock was up $103 from its original listing price of $28. Within a year of going public, nearly 80 per cent of all internet users were using the Navigator.

Netscape's success drew attention towards the huge opportunity that lay online. That's when Bill Gates decided to get in. By piggybacking his own Internet Explorer (IE) on the outrageously successful Windows 95 platform, Gates ensured a 70 per cent share of the browser market. Netscape's domination was gone.

Netscape Navigator's fans argue that things started to go downhill after AOL bought the company in 1998 (the year during which Netscape lost most of its market share to IE). Users complained that AOL was stuffing Navigator with features that didn't necessarily work. Security seemed to take a back seat. By the turn of the millennium, Navigator's market share was well under 5 per cent. By 2003, it had almost completely disappeared from desktops.

"In desperate attempts to stay viable to AOL, Netscape began selling off real estate in the browser chrome," wrote Asa Dotzler on his blog following AOL's announcement that it would stop supporting Netscape. "Default bookmarks were sold. Sidebars were sold. 'Personal toolbar' space was auctioned off to the extent that a default install of Netscape 7 offered no space for any user (personal) bookmarks at all."

Dotzler worked for Netscape from 2000 to 2003. At the time, he and three others were working on what would become Netscape's *de facto* successor — Firefox. He added, "One of the primary reasons that Firefox exists is a few Netscape employees realised that Netscape was incapable of, or more precisely, unwilling to, make a really great browser."

On 28 December 2007, AOL announced that it would withdraw support for Navigator by 1 February 2008. With only a small band of loyal users remaining, Netscape Navigator won't be missed. Yet, it will be remembered as a product that changed the world. As one of its faithful users lamented after the announcement, "This is the end of an era".

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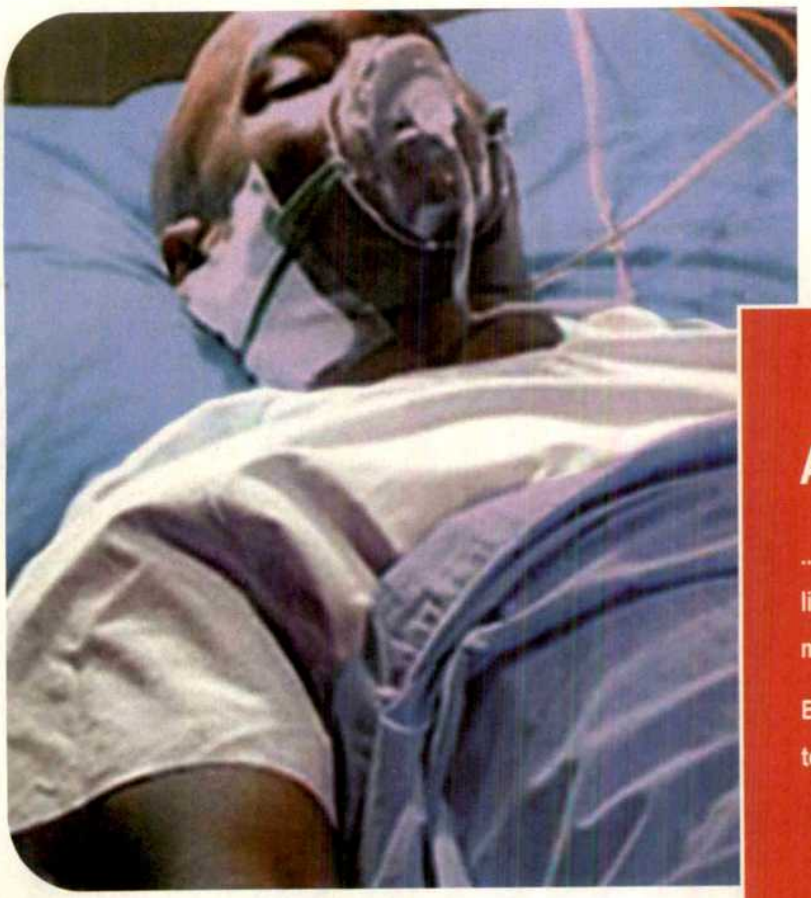

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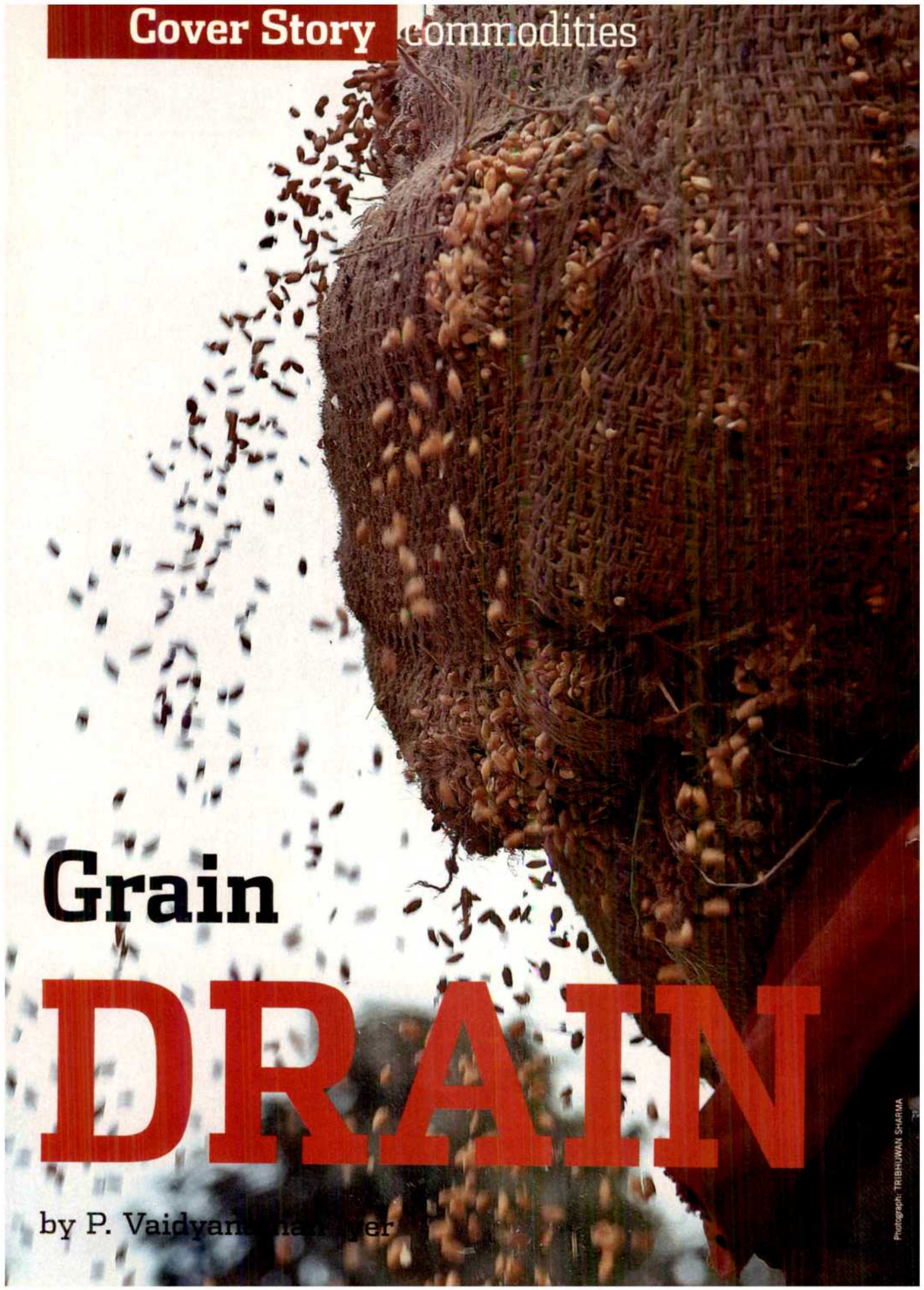
Grain DRAIN

by P. Vaidyan[illegible]er



Photograph: TRIBHUWAN SHARMA

Vested interests and bureaucratic inertia have left India's rich history in commodities trading with a bungled present and a fractured future

EXECUTIVE SUMMARY

- Speculators abound in the futures market while real users — farmers and corporate hedgers — are few
- Banks, foreign corporates and financial institutions must be allowed to trade directly to add depth to the commodity futures market

WHEN MINESH SHAH bought jeera futures in the National Commodity & Derivatives Exchange (NCDEX) last May, he expected to protect himself against rising prices of the spice. To his horror, he found himself foisted with heaps of low-quality jeera instead. "It was nothing but dust!" he says. Shah refused to take delivery; NCDEX, he claims, is yet to address his complaint that sellers stranded him with old stock.

"There is a conspiracy in the commodities market. Nothing else can explain the current status," says Jignesh Shah, chief executive officer and managing director of Mumbai-headquartered Multi Commodity Exchange of India (MCX), which has the highest turnover among the three national commodity exchanges. This statement, from a man who is always subdued in public forums, is an indication of a deepening crisis of credibility in the commodities market.

Unjha jeera, from Unjha in Gujarat, has a shelf life of six months. Minesh Shah alleges the market knew of the stock's bad quality: the near-month futures (contracts that expire in the ensuing month) were trading at a sharp discount to spot prices. Normally, as the date of delivery nears, the future price converges with the spot price. Speculators, Shah insists, knew all along that they could buy cheap in the futures market, sell in the spot market, and profit despite the product's poor quality.

It's not just jeera. In the past three years, investor confidence in NCDEX has eroded with delivery problems in chilli, tur, urad and guar seed as well. In 2007, futures trading in NCDEX dropped a whopping 60 per cent to Rs 7.75 lakh crore, down from Rs 12.43 lakh crore in 2006. NCDEX has an 85 per cent market share in futures trading in agri-commodities.

There are several key reasons for this downslide. The Forward Markets Commission (FMC), regulator for the commodities derivatives market, is poorly equipped and tends to micro-manage. For instance, it arbitrarily hikes margins for members and, at times, reduces open interest positions of near-month futures. "How will corporate hedgers function?" asks Harendra Kumar, head of research at ICICI Direct.com, a large commodities broker.

Should big players such as Reliance Fresh or Cargill enter the market, they are permitted such low volumes that they cannot hedge even a fraction of their needs. "The very existence of the market becomes meaningless," says Jayant Manglik, head of commodities research at Religare Securities, the largest retail broker.

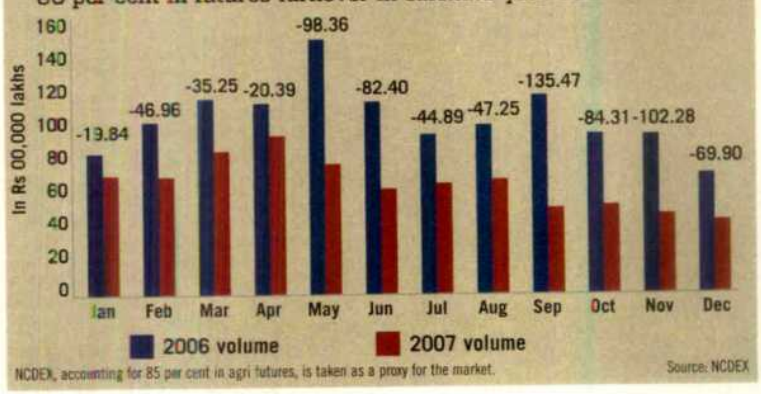
Bureaucratic inertia has ensured that reforms, including foreign direct investment (FDI) for commodity exchanges, remain buried. The markets have little depth since banks, mutual funds and other financial institutions, which are allowed to trade in the securities market, are prohibited. In fact, "Sattebaazi (speculation) rules," says Minesh Shah.

Future In A Spot

A futures contract is an agreement between two parties to buy or sell a commodity at a later date at today's future prices. The exchange is required to standardise and enforce the quality

GROWTH STIFLED

Negative market sentiment resulted in a free fall of more than 60 per cent in futures turnover in calendar year 2007 on NCDEX



NCDEX, accounting for 85 per cent in agri futures, is taken as a proxy for the market. Source: NCDEX

and quantity of the commodity traded. In India, this is becoming a theoretical premise.

Price discovery, one of the two most crucial elements in the smooth functioning of an agri-commodities futures market, does not inspire confidence. NCDEX arrives at a spot price by polling agents, who ask about 20 players and average the prices. On NCDEX website, a disclaimer warns users not to be guided by its spot prices, and use their own wisdom to decide.

FMC Chairman B.C. Khatua admits this is a critical issue. "NCDEX's polling mechanism to arrive at spot prices is not the best. It leaves scope for angularities because those polled include brokers and traders themselves (see 'Ban Helped Nobody' on page 42)." The futures market in India, unlike in developed markets, is used and will continue to be used, as a platform for delivery. This worsens the situation.

NCDEX's MD and CEO P.H. Ravi Kumar is furious when blamed. "First, let me tell you, we poll at least 20 players and polling is done at multiple centres." In the US, he says, the Department of Agriculture announces spot prices everyday, besides guaranteeing quantity and quality of produce at warehouses. "Let the government do it here. It will save me a lot of money."

The spot or physical markets in agriculture are covered by the Agriculture Produce and Marketing Committee (APMC) Act, and are a state subject. But the derivatives markets, where NCDEX, MCX and Ahmedabad-based National Multi Commodity Exchange (NMCE) operate, come in the Central government's jurisdiction.

"APMCs have become clubs for local power brokers. We have been arguing that the APMC Acts should be abolished," says Ravi Kumar.

The other critical element is risk transfer. The lack of big financial institutions — which can offer counter-party risk to corporate hedgers — makes the market vulnerable to speculators. "If Sterlite wants to hedge 100,000 tonnes of copper, it does not find enough buyers at MCX, because the government does not allow institutional players, who have the capacity to take the risk and retail it. So, Sterlite goes to the London Metal Exchange where its open order gets exhausted in just one trade," says Joseph Massey, deputy MD of MCX.

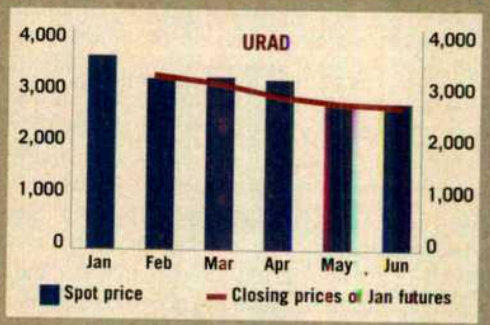
The biggest problem is that the futures markets are sitting atop a grossly inefficient physical market. Troubles blight handling, transportation, warehousing and delivery of agri-products to contract specifications. These lead to disputes on the settlement date over the quality of delivery. "Today, India has the capacity to store only one million tonnes of agri-produce. There is an immediate need to create at least two-three million-tonne additional warehousing capacity," says Ravi Kumar of NCDEX.

Conspiracy Or Jinx?

The government, for its part, has erected artificial barriers such as hedging limits through the FMC, rendering the market platform use-

BANNED FOR WRONG REASONS

The spot and futures price of urad, tur and wheat after the ban in early 2007



Prices in Rs/100 kg. The futures price trends of the three items were in line with the actual spot prices in subsequent months.
Source: Forward Markets Commission

less in many cases. For instance, Indian companies manufacture 28 million tonnes of sugar annually but the hedging limit per company is just 10,000 tonnes.

"A company wants to hedge its future production today to ensure that a downward price movement doesn't hurt it. Sugar is produced only four months in a year and sold throughout. It is ridiculous to impose a limit of 10,000 tonnes on say, Bajaj Hindusthan, which has a capacity of two million tonnes a year!" says Kiran Wadhwana of International Trading Co, which advises companies on hedging practices.

Regulations impose client and member limits. "The limits are ridiculously low, there won't be enough brokers even if there were just 1,000 big clients in India," says Religare's Manglik. Khatua explains margins were hiked and open positions cut when the markets were overheated. But he is willing to listen. "Market players have a point here. I am addressing these issues."

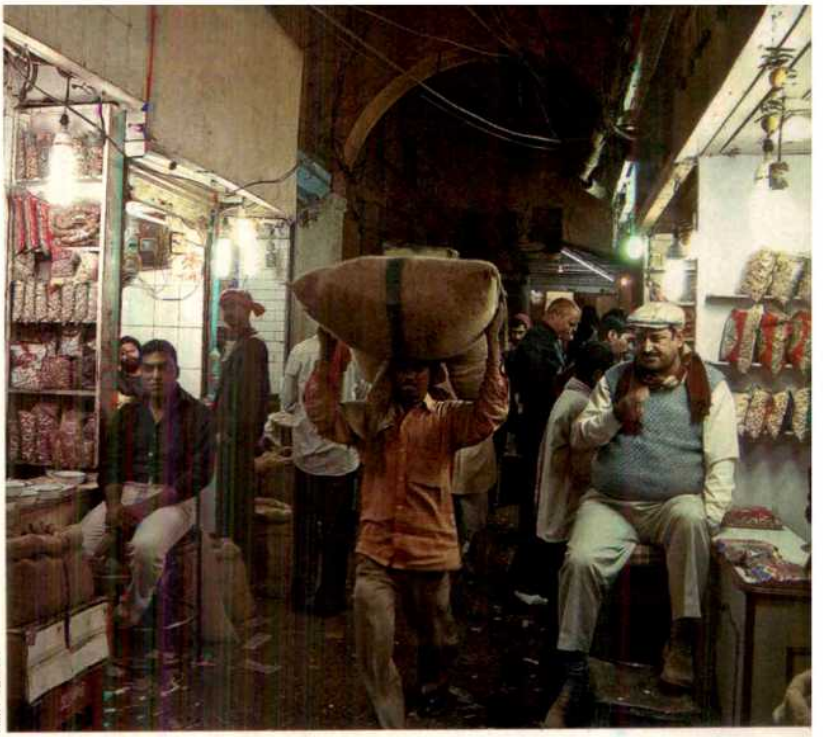
The increasingly unhealthy rivalry between NCDEX and MCX only worsens matters. Their opposing views on vital issues, such as public listing, delay policy decisions. NCDEX believes that markets have not matured. It sees an exchange as the first-level regulator and vetoes listing at this stage of development. MCX, on the other hand, sites listing of exchanges world over, interpreting this as a readiness for public or investor scrutiny.

NCDEX surely has a tough job on its hands, more so because of the number of agri-commodities it has thrown open for trading. Its rival MCX, which strategically focuses mostly on metals, and within metals, on bullion, does not face delivery or price discovery problems.

"Success finally depends on how credible your settlement price is. I will be foolish not to take the prices of global exchanges as benchmark for trading here," says Jignesh Shah. After MCX provided a platform for bullion and metals trading, the correlation between global and Indian prices has only increased.

A senior official at FMC, who does not want to be quoted, says that ideally, exchanges, especially NCDEX, should not have stretched themselves thus far. There is a more important need to build credibility in a few products by putting in place a strong physical infrastructure of warehouses, quality assayers, etc. Only then should there be a scaling up, and an opening of the platform to more products. But NCDEX has been in a tearing hurry.

Finally, turf fights between the agriculture and finance ministries have felled FDI and institutional participation in commexes. While the finance ministry favoured a convergence of the securities and commodities markets, with a single regulator for both, agriculture minister Sharad Pawar opposed it. The bill to amend the Forward Contract (Regulation) Act of 1952, which would equip the regulator and also allow options trading, has been pending for more than two years now. The anti-markets Left-dominated politics of India has not helped. NCDEX tried to explain to the Left the benefits of the futures market. "But the Left does not believe in the very concept of markets," says an NCDEX board member.



AMIT VERMA

NATIVE TRADITION: Just before WW II, India had as many as 300 commodity exchanges

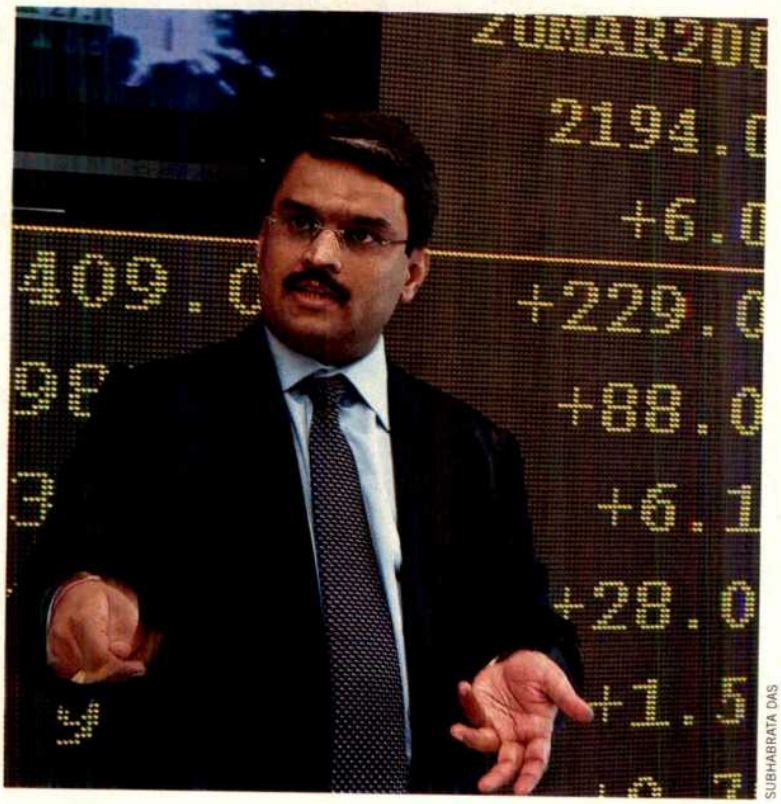
Rich And Chequered History

Unbelievably, India was leading the way in the futures market for commodities as early as the 19th century. According to Prof Gopal Naik of the Indian Institute of Management, Bangalore, Indian cotton traders founded the Bombay Cotton Exchange in 1875 to rival the Bombay Cotton Traders Association, which comprised mainly European merchants, just five years after the Chicago Board of Trade was established.

Dutch navigator Vasco da Gama and the ambitious East India Company came to India to trade in commodities. During the American Civil War (1861-64), when cotton exports from the US to the UK were blocked, India supplied this 'white gold' to Manchester and Lancashire.

MCX's Shah says that the legendary Premchand Roychand, aka the cotton or bullion king, once made a single pay-in of Rs 11.5 crore, which would equal Rs 1,000 crore today! Such single-day transactions by a lone broker are unheard of even in stock markets today.

Just before the war broke out, India had as many as 300 commodity exchanges. But, dur-



SUBHABRATA DAS

MERE MESSENGER: CEO and MD of MCX Jignesh Shah

ing WW II, the authorities brought futures trading to a halt when prices spiralled.

The Forward Contracts (Regulation) Act (FCRA) was passed by the Parliament in 1952. "But, the law came about when the government mindset was to control and prohibit the futures market," says Khatua. While trading in a limited number of commodity futures commenced after the FCRA, they were banned again by the Morarji Desai government in 1969.

The National Democratic Alliance government opened the floodgates in 2003 and allowed trading in as many as 100 items. Commexes gained momentum and turnover zoomed, leaving stock markets behind. In just four years, trading value jumped to Rs 40.72 lakh crore in 2006-07, up from Rs 66,000 crore in 2002-03 (see 'Growth Stifled' on page 33).

MANIPULATION OR DISTORTION?

Near-month jeera futures traded at a sharp discount to spot prices

Source: ICICI Direct.com

The Ban: Spoilers Ahead

The January 2007 government ban on trading in urad, tur, rice and wheat was motivated by food-price inflation of over 11 per cent. Unfortunately, it came at a time when all stakeholders were trying to correct infirmities in price discovery and risk management, the two basic reasons why futures exist anywhere in the world.

The United Progressive Alliance government, pushed by the Left and ministers such as Lalu Yadav, followed this with a ban on trading wheat and rice, a day before the 2007-2008 Budget was announced. It was felt that speculators were pushing futures prices, and, hence, the resultant high in spot prices.

It was also felt that real users — farmers and corporate hedgers — were not participating in the market. "It is true the markets are dominated by speculators. We still do not have a critical mass of real users," says Manglik. Opinion, however, is divided on this.

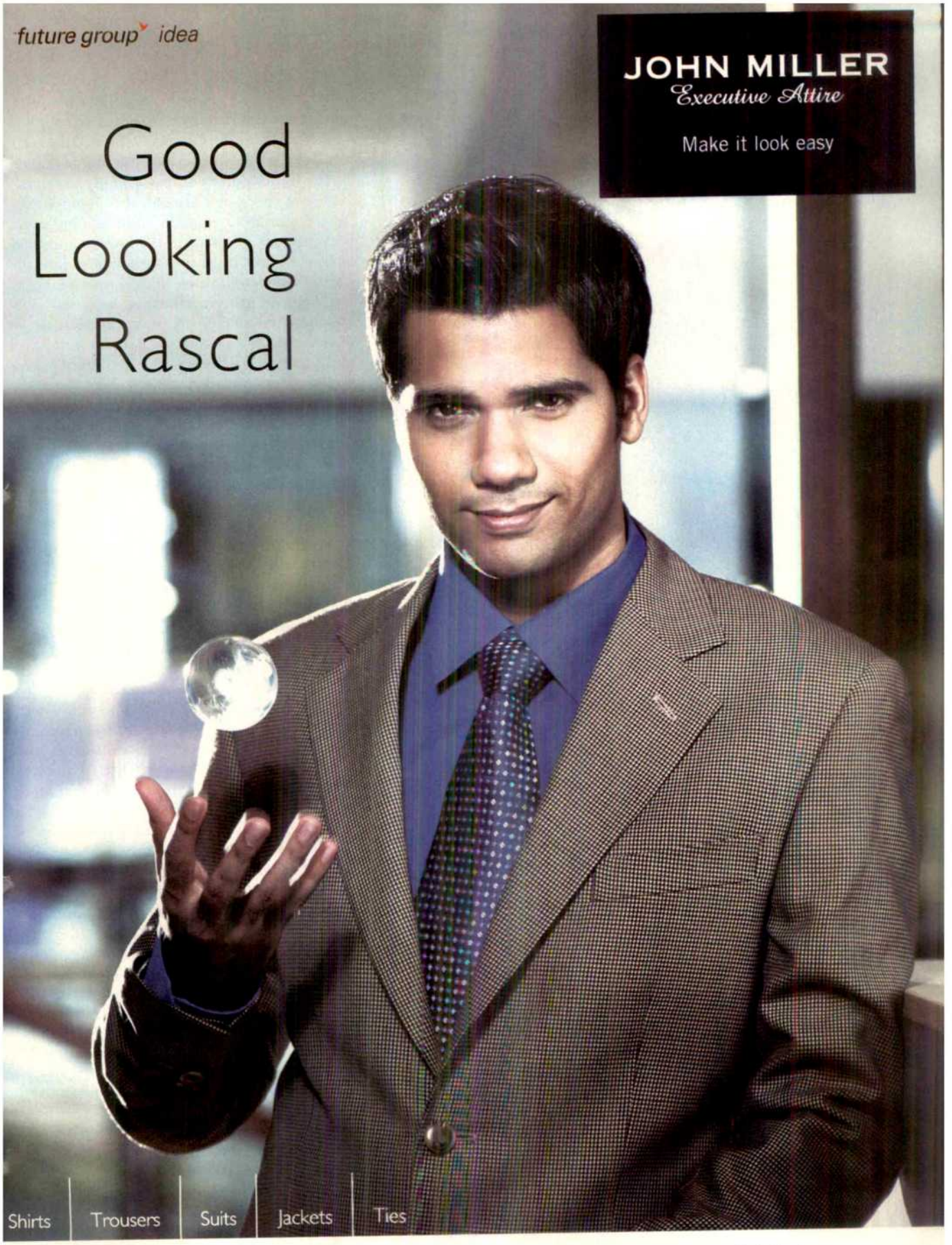
"Nowhere in the world do farmers trade on commexes, except in the US and Australia, where cooperatives do so on their behalf," counters Shailendra Kumar, head of research at Sharekhan, another leading stock and commodities broker.

NCDEX's Ravi Kumar claims that a significant portion of market positions in various agri-commodities is held by hedgers, including exporters and processors. MCX's Shah also says that corporates have started hedging in metals, though in a limited way.

Almost a year after the ban, the FMC has collated data on the price signals emanating from the futures market, and compared it with spot prices of banned commodities in subsequent months. Explaining the data (see 'Banned for Wrong Reasons' on page 34), Khatua says the markets were indeed depicting the trend correctly. In the last few months, the movement of spot prices of these commodities more or less mirrored the trend of future prices before trading was banned.

Shetkari Sanghatan leader Sharad Joshi sees a political conspiracy behind the ban. The move, according to him, came just a day after farmers in Haryana and Punjab announced they would use the futures market to hedge prices and not participate in the Food Corporation of India's procurement plan. In a meeting with Khatua on 18 December, Joshi and many other farmer associations made a strong pitch for re-commencing futures trading in wheat.

"The argument that future trading drives prices up in the spot or real market is meaning-



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FUTURE TENSE: CEO and MD of NCDEX P.H. Ravi Kumar

less," says Manglik. The wheat delivery before trading was banned stood at 0.001 per cent of total wheat production in India. "In fact, after the ban, wheat prices doubled in the global market to $400 a tonne," points out Shailendra Kumar of Sharekhan. "Farmers were clearly not happy with the price of Rs 1,000 a tonne they got from the government last year, especially after they realised the government had paid 50 per cent more while importing wheat."

Living With Intervention

It's unlikely that the government will not intervene. World over, politicians are concerned about the impact of derivatives market on prices. "In India, the fear of food security is being blown out of proportion," says Manglik.

Futures markets coexist with government policies and interventions that address the spot market, says Kate Hathaway, an international consultant on futures market, in a paper recently submitted to the Abhijit Sen Committee, which is studying the impact of futures trading on price rise in agricultural commodities. "The Indian government's concern about speculation and inflationary trends of consumer prices of food grains is not unusual."

When Hurricane Katrina decimated the Gulf coast in the US, Walter Lukken, a commissioner at the Commodity Futures Trading Commission, was called before a House of Representatives Committee to explain why crude and gasoline prices were rising in the futures and spot markets. Was it because of speculation? Lukken assured the committee that futures markets had been accurately reflecting the underlying fundamentals of these markets, says Hathaway.

In India, the government banned futures in certain products, because they indicated prices would go up. But, "You cannot shoot the messenger because he brought you bad news," says MCX's Shah. Instead, the government should allow options in the market, a must for real users, including farmers. As of now, a farmer can only buy a futures contract and lock in a price. "If the price goes up, he cannot take advantage of the price increase," Khatua says.

"Without any new trigger, the commodities market will continue to be a zero-sum game, more like a casino. But everything can change, despite widespread conservatism, when money comes crashing in this year," says Manglik.

This could well be a classic case of markets forcing changes in the regulations and their own functioning, rather than the other way round. Fidelity and Merrill Lynch have put money in MCX, while Goldman Sachs has invested in NCDEX. Domestic firms such as Reliance, the Aditya Birla Group, Bharti and the Future Group will pump in crores and lend scale to the markets. As MCX's Shah says, "It will always be debated if markets should have users first, or liquidity."

More than anything else, commodity futures offers another investment avenue to individuals, says Ravi Narain, MD and CEO of the National Stock Exchange. In the new year, the government may yet gift Indian farmers a re-start in wheat futures. "There are two lakh clients registered as commodity traders today with the three national exchanges, but, on a daily basis, there must be just about 5,000-10,000 hands trading. Of this, the number of actual users is negligible," says Manglik of Religare.

To put things in perspective, the futures market in cotton alone had as many players way back in the 1860s and 1870s. "There are records to show that over 2,000 people used to gather in Mumbai's Kalba Devi market at 11.30 in the night, because the New York cotton price was available then," says MCX's Shah. It costs a lot more to subdue that spirit than to set it free.

pv.iyer@abp.in

THE RISE BEFORE THE FALL

The futures turnover zoomed before the ban on four items in early 2007

Source: Ministry of Consumer Affairs, Food and Public Distribution

THE PHOENIX MILLS LIMITED
Qualified Institutional Placement
INR 9,800 million
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Book Runner
August 2007

ibs
Private Equity Investment by
General Atlantic Partners
USD 60 million
Sole Financial Advisor
July 2007

GEMINI
FCCB Transaction
Euro 15 million
Sole Advisor and
Joint Lead Manager
July 2007

GMR INFRASTRUCTURE LTD
Preferential Allotment to Temasek
INR 1,250 million
Sole Financial Advisor
June 2007

AIR DECCAN
Simplifly
Preferential Issue of Shares
to UB Group
INR 5,460 million
Sole Financial Advisor
June 2007

take solutions
Enabling Business Efficiencies
Take Solutions
Initial Public Offering & Pre-IPO
INR 2,096 million
Sole Book Running Lead Manager
August 2007

zero octa
quisition by Kale Consultants Limited
Sole Financial Advisor
August 2007

FLORIANA GROUP
SVIL Mines Limited
vate Equity Investment by
itigroup Venture Capital
INR 1,500 million
Sole Financial Advisor
September 2007

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Qualified Institutional Placement
INR 3,260 million
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September 2007

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INR 526 million
Sole Advisor
September 2007

UB
UB Group
Deccan Aviation Limited
Open Offer
INR 4,205 million
Lead Manager
October 2007

Shriram EPC
Pre-IPO Placement
INR 1,450 million
Advisor
November 2007

eClerx
Initial Public Offering
INR 1,010 million
Book Running Lead Manager
December 2007

Renaissance Jewellery Limited
Initial Public Offering
INR 799 million
Equity Shares along with
Detachable Warrants
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MOST PATH
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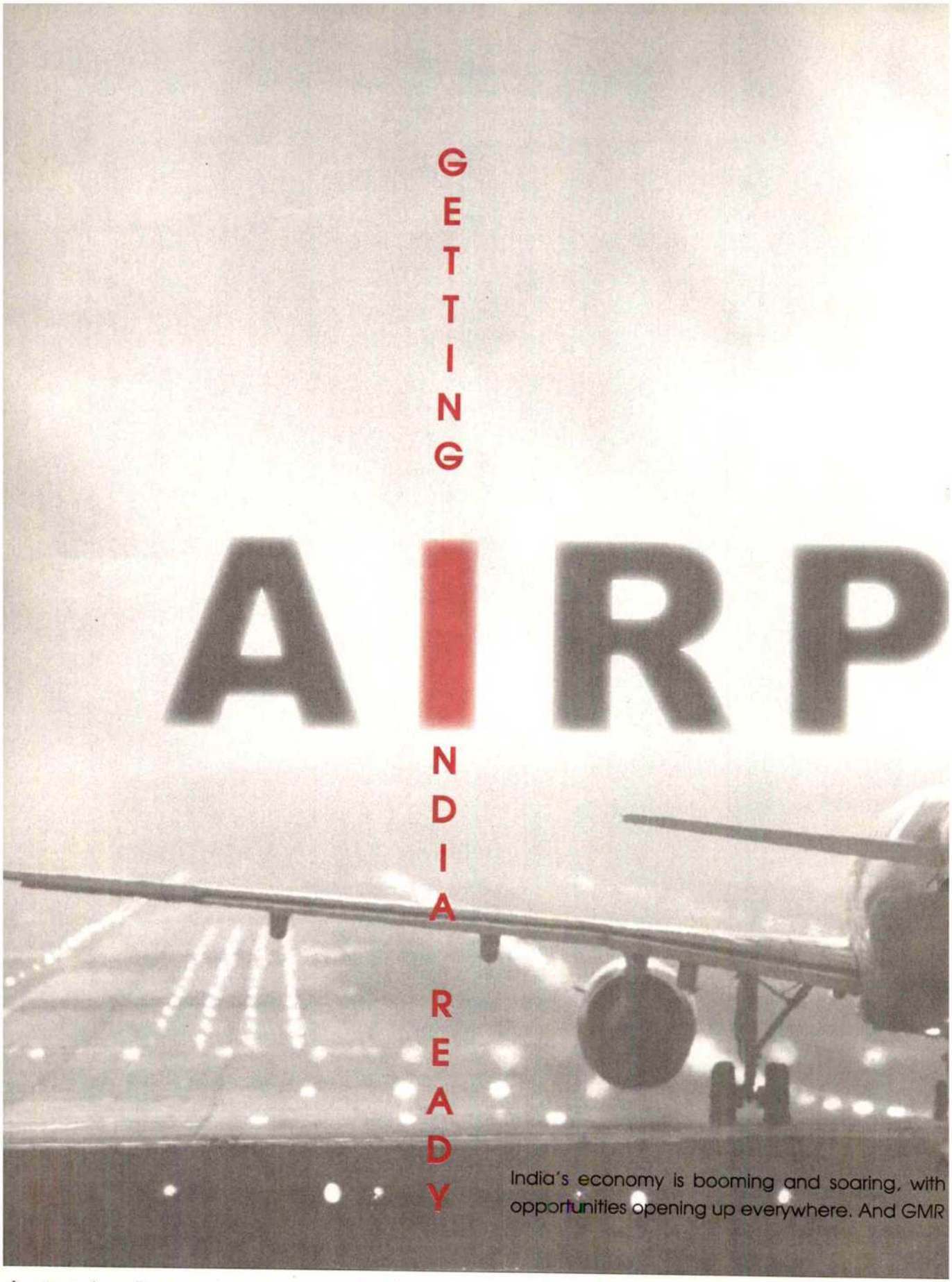
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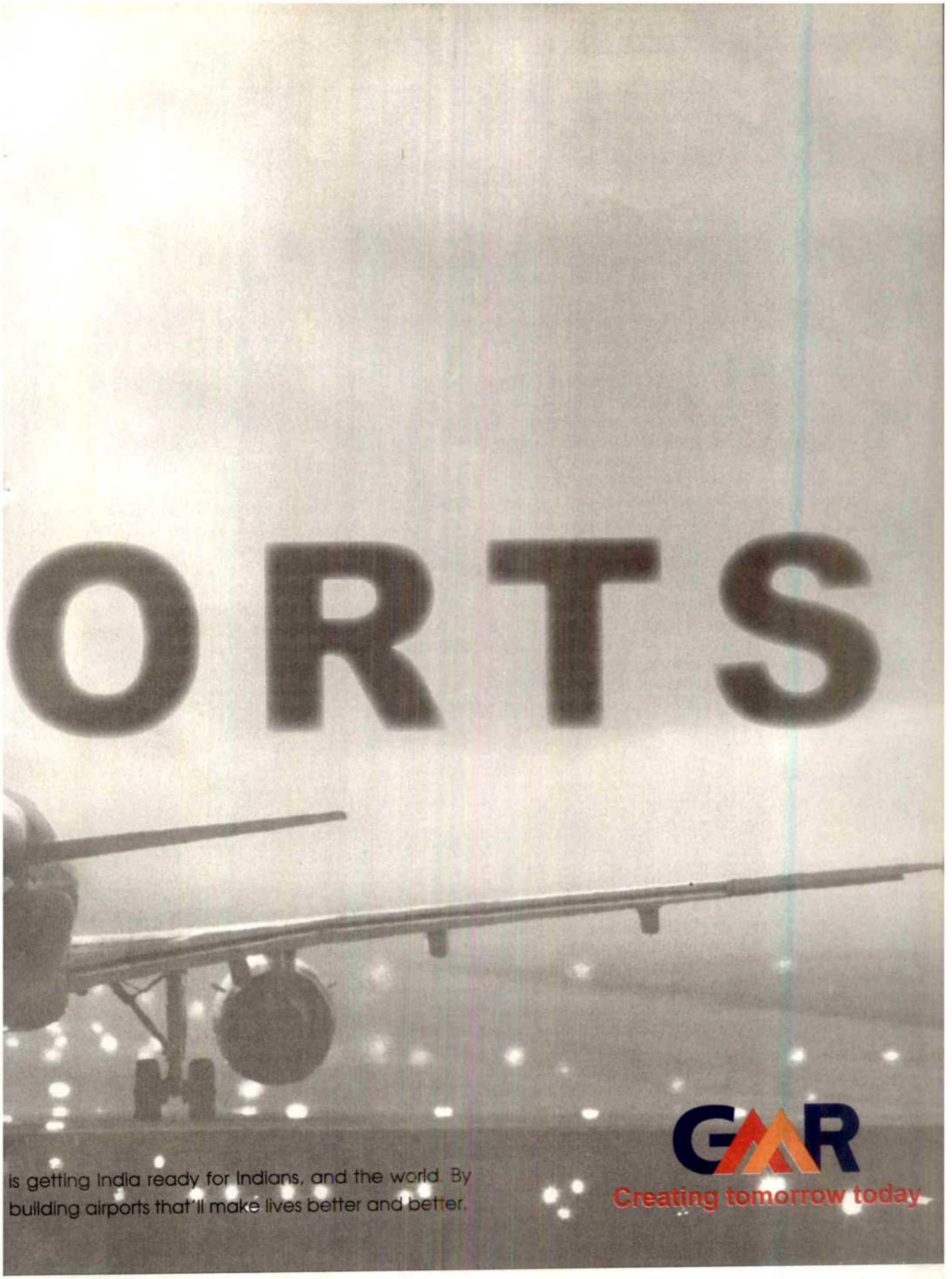

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'Ban helped nobody'

B.C. Khatua
Chairman, Forward Markets Commission

Bishnu Charan Khatua is not really a commodities market expert. The IAS officer of Orissa cadre is still coming to terms with being a regulator of a market where everything seems to be going wrong. In the first few months after taking over in May 2007, he started meeting the real stakeholders — farmers and corporate hedgers. Khatua admits, speculators dominate the market today and there is no critical mass of real users and hedgers. Excerpts from an interview with P Vaidyanathan Iyer :

Q: Do you agree that price discovery in the spot market is faulty? Investors or market participants do not believe the spot prices.

A: Yes, this is a very critical problem. The physical market suffers from many disabilities. It is not properly organised despite the Agriculture Produce Marketing Committee Act. There is a lack of awareness of quality parameters by market players. Similarly, there are physical constraints in the movement of goods, including taxation. The quality of the produce at a certain location, varietal differences, storage and handling practices, inadequate warehouses, wastage of commodities during transportation, storage — there are problems galore. Today, the futures market platform is being used, and will continue to be used, as a delivery platform. As futures markets become more sophisticated, the deliveries will come down sharply.

Q: That is true. But what about the price discovery mechanism in the physical markets?

A: The polling process is flawed. The players are themselves market players. There may not be unbiased pricing inputs, there can be angularities.

Q: So, how do you improve the polling mechanism?

A: Till the time a spot exchange mechanism evolves, in the short term, you have to broadbase the polling base to about 200 from the existing 20. You should have a control group and a regular group. In the sense, if I am polling with a group of 20, you create another group of 10 from the 200 to get another average price. A random check like this can help you find out if there are price angularities in the control group of 20.

Q: Is it possible to devise an electronic nationwide spot price mechanism? For instance, a farmer in Gujarat must know what price he can get for his jeera in, say, Rajasthan.

A: Let us first look at the spot price market reality. Do all spot markets have the same price for the same quality of products. Even in a standardised product such as gold, there are price differences between Kolkata and Delhi. Differences in local taxes, demand-supply situation, localised events and festivals — all these lead to variation in prices.

Q: But this information about prices needs to be made available.

A: Physical market prices are getting homogenised gradually. If the national exchange's efforts to promote spot exchanges succeed, this problem would be sorted out. The issue here is who will regulate the market. Ideally, we should have a single regulator for both, the spot market and the futures market. The problems of multiple regulatory authorities must be addressed.

The physical market is under the domain of states. Each state government has its own regulatory mechanism, or, at times, doesn't have one. Within each state, every APMC has its own rules and regulations. But even if the spot market initiative of national exchanges does not succeed, if we are able to improve the polling mechanism of the futures markets, and if we are able to disseminate this information through various channels, this will act as a great leveller in the not so distant future.

Q: Does a mechanism such as the T+1 mechanism help the agri-markets?

A: Our exchanges had proposed some time back a short-term futures contract, which will meet the spot market contract. If the spot exchange does not succeed (which I cannot regulate), you do a contract today, but deliver the product on the third day. A short time of 48 hours does not significantly change the physical market prices, and remains within the futures contract definition. I am not afraid of innovation. A 30-day delivery contract and a three-day futures contract can coexist. This can be done without a change in existing regulations.

Q: Why have you not allowed banks and institutions to participate in the commodities market?

A: It is not a question of FMC not allowing it. The Banking Regulation Act does not provide for it and specifically prohibits banks to participate in the commodities futures market. The finance ministry and the Reserve Bank of India say that the regulatory framework of the Forward Contract Regulation (Amendment) Act today is not sufficiently strong enough to give adequate protection to banks and institutions.

Q: Are you not a strong regulator already? You have search and seizure powers, and even the authority to arrest rogue operators with the help of the police?

A: If you look at the entire Act, the powers given to FMC are very limited, compared with the Securities and Exchange Board of India (Sebi), which is a much newer

SUBHABRATA DAS

baby. If a broker member does any mischief, the only punishment I can give him is to suspend him. You will have to build/file a case by giving a complaint to the police. The police have to then take permission of the courts. Today, Sebi as an enforcement agency can do that. You need direct search and seizure powers to have an element of surprise and effectiveness. Also, if an errant member is cheating a client, I can tell the exchange to take action against the member through its bylaws. I can only go ahead and suspend him. But if he is a member with, say, 10,000 clients, the suspension will affect the 10,000 clients too who have done no wrong. I do not have the flexibility to segregate the action against the particular member without affecting the clients. Similarly, there are many powers which are with the government but need to be transferred to FMC.

The reality is the Act was enacted during a period when the mindset was to restrict the growth of the commodities market, and not encourage it. The FCRA has been designed not clearly as a regulatory act, but more as a prohibitive act.

Options trading are completely banned. Today, it is the most efficient instrument for any market player to have its cake and eat it too. If I am a farmer, I can only buy a futures contract by fixing a price today. If the price goes up, I do not have the option to take advantage of the price increase. If I had an option contract, I can offer to sell at a given price and if the prices move up, I have the option to opt out by paying a premium. If prices move down, I can sell.

Q: How do you control or tackle the unofficial market or dabba trading in the commodities market?

A: When we get information, we take credible action.

Q: What about FDI in commodity exchanges? It has been pending for such a long time....

A: It is pending with the Cabinet Committee on Economic Affairs (CCEA). I do not know why it has been delayed so long. But, it has not really held back foreign players from investing in national commodity exchanges. Two exchanges — NCDEX and MCX — have long-term strategic players as investors in them. Six foreign players are investors in MCX, four with 5 per cent each and two with 2-3 per cent.

Yes, lack of clarity in policy brings the element of uncertainty. Hopefully, the CCEA will discuss the proposal and clear it soon.

Q: Do you think a combined regulator for both the securities and commodities markets makes sense?

A: I do not think convergence is a good idea even for the foreseeable future. The commodity market's requirement in the Indian context is very different from the capital market's. World over, there are different models. Only in very mature markets, there is a combined regulator. A single regulator is unlikely to have a focus deserving of this market, which is very unorganised and fragmented. In a combined entity, the focus is likely to get lost for the commodities market. It is not just about regulating the market, but nurturing and developing it, too.

Q: Why does FMC intervene in the market? Such as hiking margins and cutting open interest positions in near month futures?

A: You are right. Market players have a point here. The idea is not to have position limits on members, particularly on a non-proprietary member who trades on behalf of clients. It's unfair to put a position limit on him, irrespective of the number of clients he has. As far as clients are concerned, an overall open interest limit is necessary for each one to ensure that the market is not cornered by a few. At the same time, reducing the open interest limit on the near month futures, especially for the hedgers, acts as a deterrent for delivery. And since we are keen that the markets should evolve such that it facilitates an efficient delivery mechanism, we must also create an environment to ensure that the hedger remains fully hedged. This is not happening today. To ensure that the hedger remains fully hedged, we are trying to find a solution. Hopefully, we will do it this month.

We are looking at three things: limit on members, irrespective of their size; limit on clients *vis-à-vis* commodity size; and open interest limit in the near month. We will make things easier for people who want to hedge.

Q: Has the ban on urad, tur and wheat helped bring down prices?

A: It did not help anybody. It only harmed the sentiments of the market. It only significantly reduced the volumes, especially in agri-commodities. Spot prices have behaved more or less in line with the price indications emanating from the futures market.

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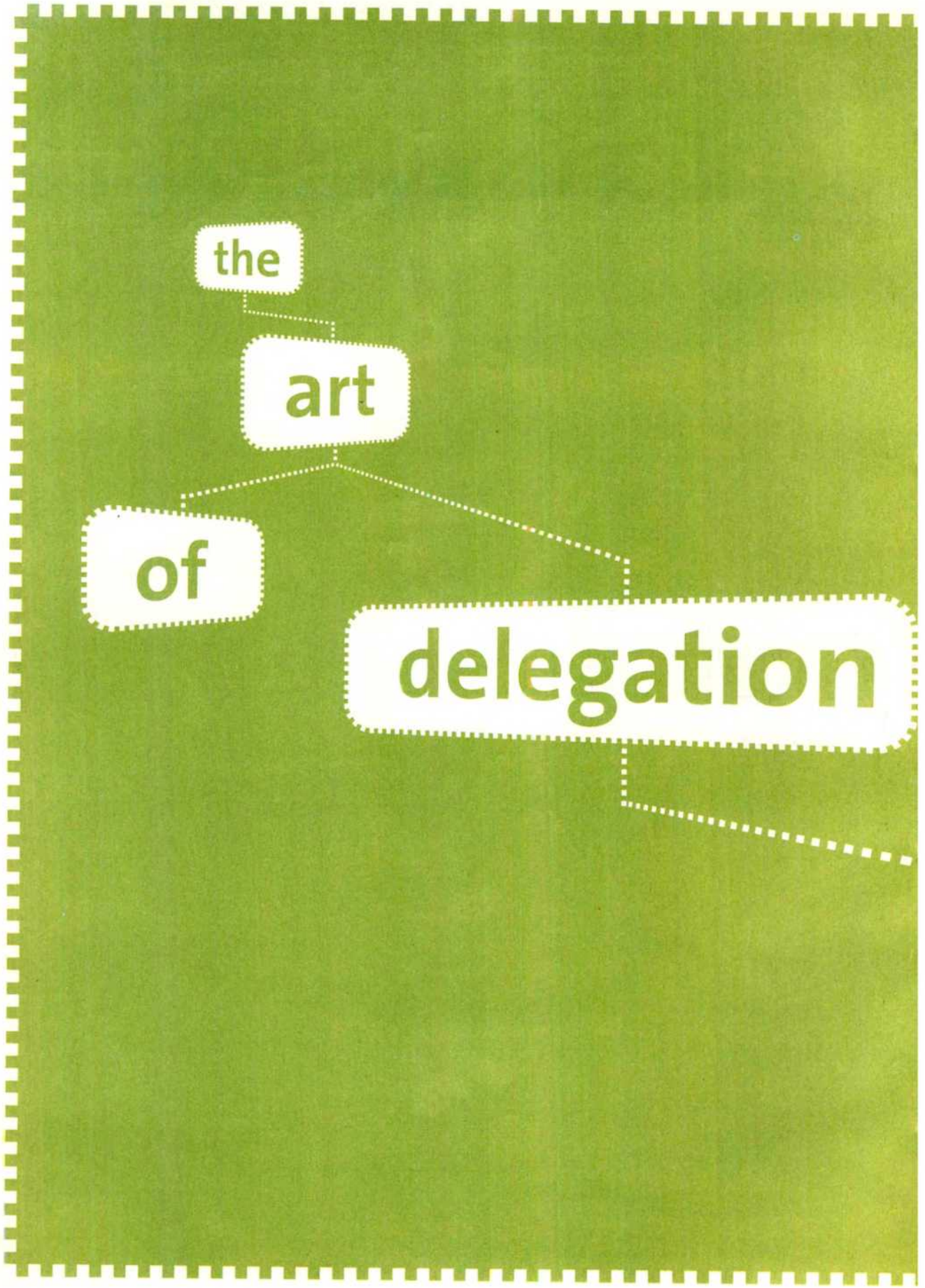
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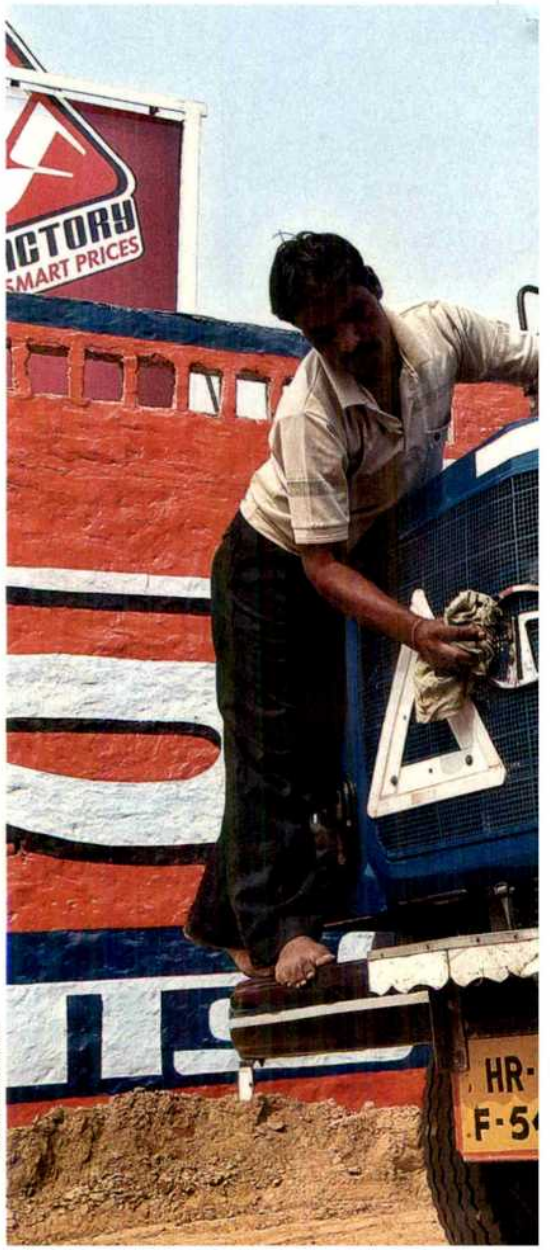


TRIBHUWAN SHARMA

RATAN TATA BARELY SLEPT THE NIGHT OF 9 JANUary. The next day was to see the launch of his dream project, the Rs 1-lakh car, and all was not going well at the Tata Motors' pavilion at Auto-Expo 2008 in Delhi's Pragati Maidan. The usual last minute glitches were plaguing the rollout presentation a German firm had put together for the car's launch and wild rumours, along with a lot of derogatory media articles, were circulating about the car itself. "I've barely slept," a weary but calm Tata said the next day when he gave the press a pre-launch briefing on the car. But he needn't have worried. 10 January will long be remembered as "one of the more important milestones" in the Tata group's history, as Tata, affectionately known as RNT, himself said later. When Tata unveiled his car, dubbed the Nano, the reception was ecstatic. "I've never seen people cheering like this at a product launch," a British journalist said when the long-awaited Nano, on time and on budget, was finally presented. (Since *BW* went to press just six hours after the Nano was unveiled, we will carry the story behind the making of the 'people's car' in the third part of our series on Tatas that will appear next week.)

Then, later that afternoon, while the crowds at Pragati Maidan were still swirling excitedly around the Nano and marvelling at its unexpectedly fine finish and form, a quiet press release from the Department of Telecommunica-

tions (DoT) gave new life to another of RNT's dreams — making it big in telecom. After months of wrangling, DoT finally chose to give Tata Teleservices, another RNT brainchild, the spectrum it had long sought to expand its mobile phone services using GSM technology.

There is a certain poetic justice to the two events culminating on the same day. Tata Motors was established in 1945 and has been a blue chip for decades. In 1983, in a strategy paper RNT wrote when he was still a young pup in the group, he argued that Tatas should aim to enter new businesses, such as telecom, and create the Tata Motors' of the next century. RNT's vision was dismissed by his then seniors. "I remember for years JRD (Tata) saying that if Tatas were ever to have satellite communications of their own, he would give me Rs 1,000 as a pay cheque," Ratan Tata told *BW* in an interview (see *BW* 14 January 2008). That RNT has now created a new Tata Motors in Tata Teleservices, which will soon have a valuation of about $20 billion, and also rejuvenated Tata Motors itself by turning it into a globally watched company, is more than JRD would have expected.

Even a casual observer would notice that there is a renewed entrepreneurial spirit permeating Tatas, a conglomerate once grounded in old-economy businesses such as steel, chemicals and trucks. Older companies such as Tata Steel and Tata Chemicals have made large overseas acquisitions to get global footprints (see 'Eyes On The World', *BW* 14 January 2008). And at home RNT is building a clutch of new companies, each of which could soon rival Tata Motors in size.

POLISHING THE IMAGE: After the launch of the Tata Nano, RNT's dream project, Tatas only need to improve their customer perception

GETTING THE SPARKLE: Titan Industries' growth curve since its creation in the 1990s has been remarkable with the addition of Tanishq Jewellery line

R.K. Krishna Kumar, one of RNT's ablest lieutenants, says the Tatas want to double Tata Teleservices' telecom subscriber base, turn the Tata AutoComp Systems (TACO) into a global leader, start a new bank and skyrocket the footfalls in the group's branded retail stores, such as Westside, Titan Watches, Tanishq, and Croma.

If the ambition is big, it's also challenging. Tatas' growth plans call for skills that the group has not really been tested on before in a significant way: moving quickly and surely in rapidly changing marketplaces, changing to a more can-do culture without losing Tata values, integrating disparate pieces of businesses into an integrated whole, and putting in place a new generation of leaders to drive all this. But most critically, all of Tatas' new businesses will demand a strong customer orientation, consumer or industrial. And while Tatas, the industrial group, has been effective at winning the trust of the India citizen, it remains to be seen if Brand Tata will win the wallets of the Indian customer.

The Right Generals To Win A War

Though RNT dreamed of telecom early, he left it until quite late to succeed in the business. "We had problems in the early days," RNT admits, referring to Idea, the failed joint venture with Birlas. While Bharti Airtel and Reliance Mobile moved decisively to win users, Tata Tele lagged. The group was unable to get the right people to head and run the business, to get traction in a very competitive industry where agility is critical. "If you ran a restaurant business, you need the proprietor sitting there doing the running," RNT says. So he put the aggressive Anil Sardana in charge.

Sardana is more interested in the future than the past. His strategy is three-pronged; first, address all three markets: metropolitan, urban and rural. "We haven't scratched the surface in the various segments," says Sardana, who speaks in quick bursts, enthused with the idea of growing his company. With number portability, a strong customer-oriented marketing campaign could expand Tata Tele's user base by sucking in customers from other networks, Sardana says. Secondly, Tata Tele would also focus on winning corporate customers, including SOHO (Small Office, Home Office) users. "Solutions for sales managers in their PDAs, SAP software for better connectivity, are both possible" on the Tata Tele network because the company also has CDMA technology, which is great for moving data. Third, Sardana would leverage the group's other businesses to engage with rural customers. For example, Tata Motors' customers and farmers who are members of Tata Kisan Kendras and/or clients of Rallis and Tata Chemicals can all be sold Tata Tele telephone and mobile connections.

But telecom experts say that execution will not be easy. "They lost the first-mover advantage," says one at a global consultancy firm. "Soon, the low-price party will end. Then the focus will be on customer service in urban markets, and adding new subscribers." But the company has learned, Sardana says, even it is from from others. Customer care and strengthening the franchise are his priority.

Quick Step With The Consumer

Retailing is not entirely new — the group has had a couple of companies in its fold, but sold them — Tata Oil Marketing Company (to Hindustan Lever) and Tata Textiles. Both were casualties when management decided to focus on manufacturing rather than marketing. This lack of customer focus was seen in the slowness in taking the retail business forward.

"We had considerable consumer orientation that we lost when Tata Oil ran itself to the ground," RNT recalled in our interview with him. "We used to say that at one time in the day, in one form or another, a Tata product always touched you, whether you travelled on a Tata steel rail or used a Tata soap or shampoo. We focused on manufacturing but not the merchan-

dising of these products."

Gradually, the group is getting its act together. They have quietly rolled out high-value brands and chains — Trent, Infinity, and Tanishq — without facing the kind of political backlash that Reliance Industries met. The Tatas claim to have the country's largest retail network with Titan, a watch company started in the 1990s catering to a middle class client base that could not afford Swiss watches. Since then it had added a jewellery offering in Tanishq, which it plans to take overseas. AT Kearney's Hemant Kalbag, who created the recent AT Kearney Global Retail Development Index says that the segment that Tanishq Titan and Trent operate in will grow at 40 per cent over the next three years, expanding revenues to $22 billion (Rs 88,000 crore). And Bhaskar Bhatt, managing director of Titan Industries is in a big hurry. He wants to buy out partner Tamil Nadu Industrial Development Corporation, build on the success of the Rs 30,000 watch and service the now-rich customers, and expand rapidly.

Ajit Joshi, managing director of Trent, plans to raise Trent's presence from its current 29 stores — which took a decade — to 100, given the apparel business' very high margins, over 30 per cent. "Yes, we have moved very cautiously and that is reflected in out profits," says a senior official from the company. "But even Bharti Wal-Mart will probably open only two stores next year. There will be a bloodbath in retail."

Innovating For New Markets

Last fortnight, Toyota placed an order with the group's Tata AutoComp Systems (soon to be just Tata Auto Components) for small plastic components for its new hybrid car. The world's most successful carmaker is just one customer for TACO's new generation components. The company had a rocky start, as plans to provide parts for Tata Motors' cars made little headway. Now, Mercedes, Ford and Fiat cars use TACO's seats in their interiors.

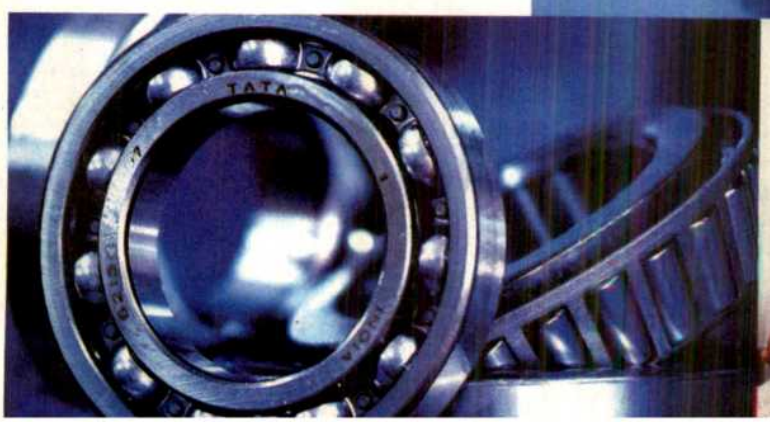
TACO, a 1994 RNT initiative to upgrade auto parts assembly, now makes $1 billion (Rs 4,000 crore) in revenues making auto components at its 24 plants, often in collaboration with foreign partners. As global norms for safety, emissions and fuel change rapidly the world over, TACO wants to use its research and development capabilities to make new components, even as the industry undergoes consolidation.

TACO has a two-prong strategy: first develop its own parts design through in-house R&D, and then engineer them. McKinsey, the global consultancy firm, says that about 3 per cent of the $700 billion auto components market will be from India; that is a cool $21 billion. D.S. Gupta, whom the Tatas hired away from Maruti Suzuki, says TACO would like to be an end-to-end service contract player, from design through manufacturing to delivery. "We want to cut down our business units to 10, but revenues will jump to $5 billion (Rs 20,000 crore)" says Gupta, who jokes that he lives out of his office and his suitcase most of the time.

But with opportunity comes challenge. As wage costs rise, says a 2007 KPMG report, auto component makers will have to automate fast, to turn original equipment manufacturers rather than do outsourcing work for tier-I and II suppliers.

And as global car manufacturers increase their investments in engineering and R&D, says Yezdi Nagaporewala of KPMG, the challenges for TACO could get immense.

IN BITS AND PARTS: Toyota Motors placed an order with Tata AutoComp Systems for small plastic components for its new hybrid car recently. TACO's clientele, over the past few years, has ranged from Mercedes to Ford to Fiat



THE GROWTH CURVE

Performance of various companies of the Tata Group over the past three years

Company	Turnover (2005)	Turnover (2006)	Turnover (2007)	Net Profit (2005)	Net Profit (2006)	Net Profit (2007)
Tata Chemicals	3097.91	3638.23	4107.08	319.40	353.42	445.18
Tata Power	3935.63	4568.67	4949.86	375.17	464.94	663.24
Trent	234.48	346.44	455.78	15.10	23.69	28.86
Tata Teleservices	807.47	1095.13	1406.98	-527.92	-493.86	-315.21

Figures are in Rs crore

Source: CapitalinePlus

Betting The Bank

Nearly 40 years after Central Bank of India was nationalised, the group is reviving its banking aspirations. A formidable challenge, given competitors like ICICI Bank and Kotak Mahindra Bank, but the group has faith in the public's trust in the Tata name. Even when Tata Finance went bust in 2005, people who had fixed deposits with the firm did not rush for the exits.

Right now, the group is focusing on integrating its dispersed finance business into a non-bank finance company, Tata Capital Services. It will bring together Tata Capital, Tata Realty Investment — now owned by Tata Sons — Tata Securities, the stockbroking firm, Tata Asset Management and Tata Capital. Add the truck financing business, owned by Tata Motors.

The group's advantages are enviable. A Kotak Mahindra Bank official points out that with a customer base that spans every business from cars to retail stores, Tata Capital Services will have a big edge, and can into credit cards too. Integrating these disparate businesses into a single full service financial services company is a formidable undertaking. But group director Ishaat Hussain and Tata Capital chairman is unfazed. "We want to become an end-to-end financial services company that will service retail clientele and fund small and medium enterprises," he says.

Future Stock

The business portfolio of the group is awesome, but incomplete. On the third floor of Bombay House, Kishore Chaukar sits in an office close to RNT's. A former banker from ICICI Bank and managing director of Tata Industries, an incubator and private equity firm where the seeds of the group's future are sown.

Solar energy, bio-fuels, composite metals to replace steel, opportunities in water, including making sea water drinkable — all this is in play. Chaukar points to one: environment product services, where sewage is purified into potable water. Sundeep Waleskar, strategist with Tata Industries, says that water could well cause the next war as underground supplies could dry up by 2015 in Pakistan; even India could be dry by 2025.

Chaukar's other plans include genetically-modified seeds, grains that can grow in brackish water and ayurvedic drugs. He has 26 per cent in Indigene, an ayurvedic drug maker with 4 patents. He also wants to convert Tata International, an in-house trading arm, into a multinational like Mitsubishi.

For all this to happen, however, a change in corporate culture in the group is needed. RNT is well aware of this, but lower-level managers have a long way to go to catch up. As RNT pointed out in his interview, in a group that has 200,000 people, changing the mindset is not an easy task.

So, while top management is sensitive to the issue, the hard part is ensuring it works its way down to the bowels of the organisation. For the Tata values are the mainstay of the organisation, an integral part of the brand image. RNT acknowledges this himself. "It takes decades to build up the appropriate mindset and culture," he said in his interview. With different companies, different paces of transition and different traditions, things can get difficult." Which is what it will take for the elephant to dance.

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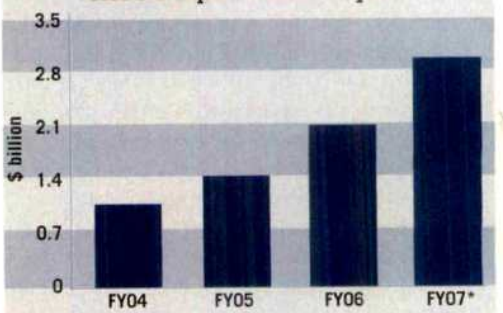
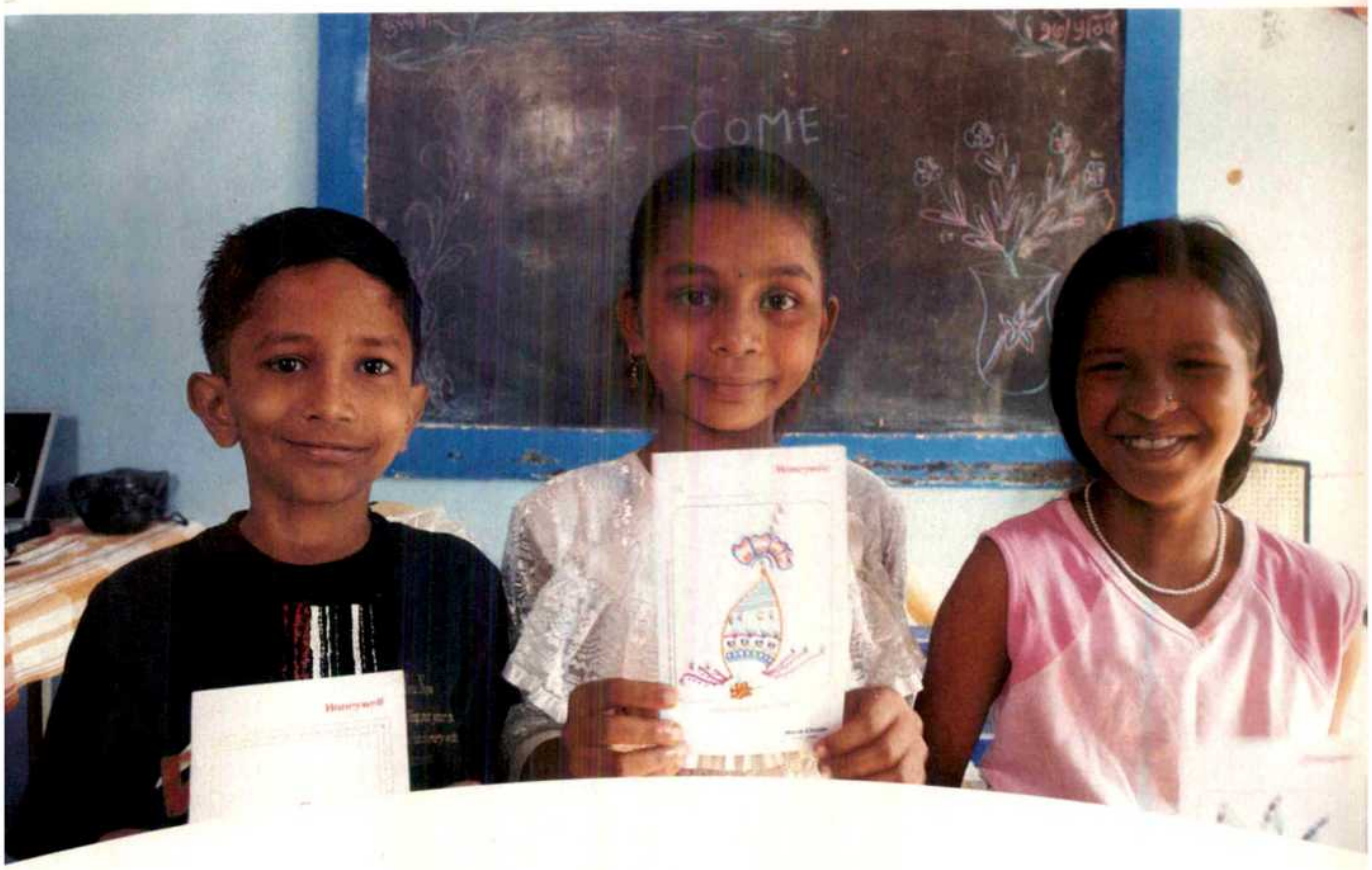
TACO's exports over the years



*FY07 figures are estimates
Exports have grown by 42 per cent CAGR

NEW CONNECTIONS: Department of Telecommunications' spectrum licence to Tata Tele has come just at the right time

myth #63



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The Asian Century

by bill emmott

IN THE 1970S AND 1980S, THE 21ST CENTURY was labelled as the 'Pacific century', as it was assumed it would be dominated by countries around the Pacific Ocean — Japan, the US and, in a smaller way, South Korea. Now, with the dollar declining, the US slipping into recession and China about to dominate headlines in 2008 with growth and the Olympics, it looks like the 'Asian century' has begun. But what does the phrase really mean?

When Henry Luce, founder of *Time* and *Life* magazines, used an editorial in *Life* to call for the 'American century', he was urging his countrymen to enter World War II and take a position of leadership that corresponded to the economic and technological pre-eminence the US had already attained.

Clearly, Asia is now attaining economic importance. Japan and China are the world's second and fourth largest economies, with India climbing the ranks at No. 13. Asia has four of the world's dozen biggest exporters, and the largest foreign-exchange reserves in the world. As a whole, Asia in 2006-07 accounted for more than a fifth of world GDP, almost 30 per cent of world exports and a third of its cross-border capital flows.

This century, global peace and prosperity will depend on relations between China, India and Japan

Economic power, then, is shifting to Asia. Well, until the dollar began to decline two years ago, that wasn't true. The percentages of world GDP accounted for by the US, the European Union (EU) and Asia in 1990 and 2006 haven't changed much: Asia's share rose from 20.6 per cent to 22.3 per cent, while the US's, 22.5 per cent to 27.5 per cent. Taking the EU as the 15 members it had in 1990, its share has slipped only from 30.1 per cent to 28.2 per cent.

These figures, though, are distorted by three things: decline in energy and commodity prices in the 1990s, which depressed global GDP shares of resources producers; stagnation in Japan in the 1990s, which meant that Asia's share was being redistributed from Japan to China and other fast-growing economies; and by the strength of the dollar.

Those distortions have begun to unwind: high energy and commodity prices are transferring wealth from the developed world; Japan's economy is growing again, adding to Asia's share; and the dollar is declining. The currencies it has not declined against much so far, however, have been Asian ones, especially the Chinese renminbi and the Japanese yen. But that is likely to happen during the next year or so.

In the next decade or so, Asia is likely to account for a share much closer to its share of world population (about 50 per cent). So the 'Asian century' could be coming true, but 'Asia' is different from Henry Luce's 'America' in a crucial way.

America is one country, Asia is many. So Asia cannot exercise global power as America did, unless by Asia you mean one country, China. Further, Asia is, in fact, a hotbed of rivalry. Among the world's oldest enemies are China and Japan who, despite sharing many cultural traits, have been fighting each other for a thousand years. For the five years of Japan's most notable recent prime ministership, that of Junichiro Koizumi in 2001-06, no top-level summits were held between Chinese and Japanese leaders after October 2001, such was the rancour between them.

Many will say this doesn't matter: China is the future while Japan is the past. That is not a wise way to look at the world's second biggest economy, but let us look at the rest of Asia. China's neighbour, India, which is at least a decade behind it in terms of industrialisation and living standards, is now growing by 9-10 per cent a year. Might China and India work together to exert global power?

It is unlikely. The pair fought a border war in 1962, they have unresolved disputes over land, and India provides refuge for one of China's greatest enemies, Tibet's spiritual leader, the Dalai Lama. There is a good reason why President George Bush signed a civil nuclear deal and a defence pact with India: he knows India wants help to stand up to China, and the US can use India as a counterweight in Asia to growing Chinese power.

The Asian century is a period in which Asia will become more important: as an economic region, as a source of global warming, as a source of capital, as a market. But also, it is a period in which divisions within Asia will become more important. Asia is full of danger zones — Korea, Taiwan, Pakistan and Tibet, to name but four. For the first time, the region has three powerful countries — China, India and Japan — at the same time. The peace and prosperity of the world will increasingly be shaped by whether the rivalry between these three powers turns out to be constructive or destructive. That is the real sense in which this is the Asian century.

The author is a former Editor of The Economist.
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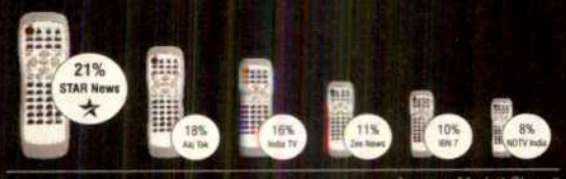

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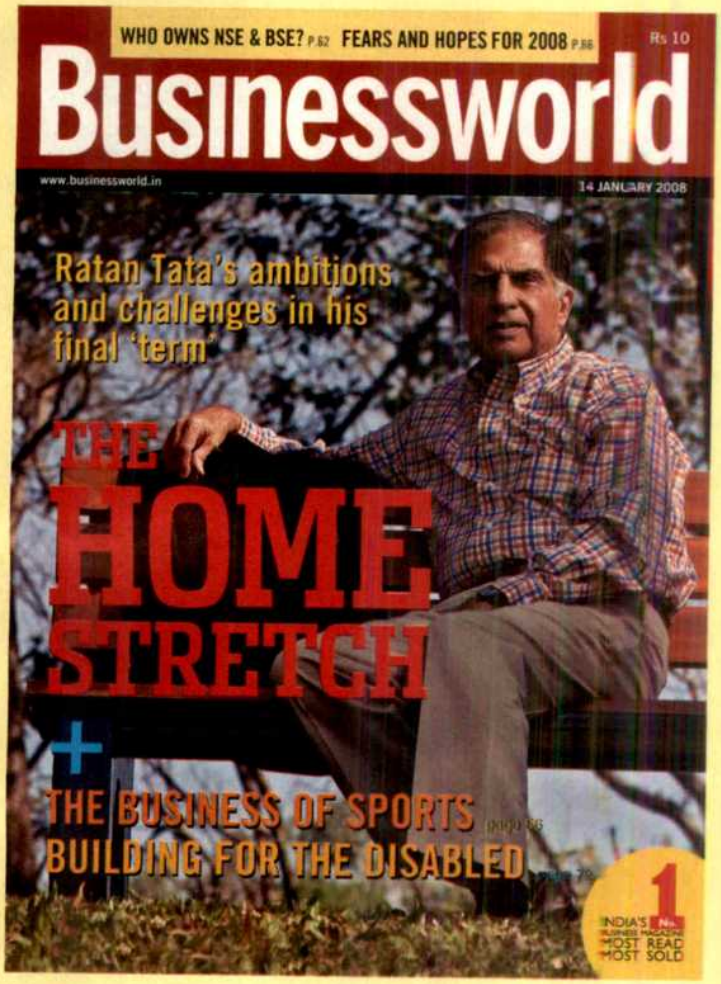

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Pushing The Frontier

by Vishal Krishna

Success of insurance companies depends on effective distribution

WHEN TATA-AIG LIFE, AN INSURANCE COMPANY, SET up its first sales office in Kodad village in Nalgonda District of Andhra Pradesh's rice belt in early 2007, it encountered four problems — the shortage of quality sales talent to market insurance products, its dependence on salesmen to collect data that would help in reaching out to prospective clients, the demand for higher commissions from sales teams and agents, and deciding on how much to spend on technology so that renewing premiums would be easier.

Tata-AIG Life is not alone; all life insurance companies, including the biggest daddy of all, state-owned Life Insurance Corporation of India (LIC), face similar challenges. While urban India is an easier market, the bigger challenge in market penetration is setting up a distribution model for rural India, which is potentially several times larger, and necessary for business sustainability. The profitability of insurance firms boils down to one thing: managing distribution costs, the largest element in the cost structure for insurance products and services.

Current estimates put the insurance industry's size at about Rs 68,000 crore; using current growth rates, which have been running at roughly 120 per cent a year over the past three years, the size of the industry is expected to be around Rs 2,40,000 crore by 2010. Along with telecom and retail businesses, insurance companies will have to rapidly increase their presence and products to take advantage of the growing market for their product offerings.

That comes at a high cost, which includes running an independent sales office and maintaining an army of agents. "It could be upto Rs 15 lakh for one office, monthly, in a rural area," says U.S. Roy, managing director and CEO of SBI Life, the insurance subsidiary of the State Bank of India. "It could go up to Rs 50 lakh in urban centres." Developing the right distribution strategy, including reduction in expenses while reaching more people, is leading to a dissonance between profitability and penetration.

Size, connectivity and reach are just the beginning. Distribution also has a significant impact on the design of products and services; furthermore, it is key to the company's image. Many distribution models are being actively developed; there is the traditional agency business; corporate agents and brokers, along with direct sales are part of another. Some insurance firms may choose a bancassurance model, particularly the bank subsidiaries (bancassurance allows both banking and insurance products to be provided through a common distribution channel to a client base common to both businesses).

ILLUSTRATION: ANTHONY LAWRENCE

Wanted: More NBI

In the first half of 2007-08, new business income (NBI) from insurance premiums saw a decline in growth rate for the first time in three years: it grew only 27 per cent, the lowest for a six-month period year-on-year since 2002-03. Insurance firms will not comment, but the indications are that it could be because of stockmarket volatility. Not surprising, since the bulk of NBI was coming through unit-linked insurance plans (ULIPs) — which account for about 85 per cent of all policies sold (see 'In The Eye Of A Storm' *BW*, 7 December 2007) — a concern for insurance firms that have paid agents high commissions, as high as 40 per cent in cases.

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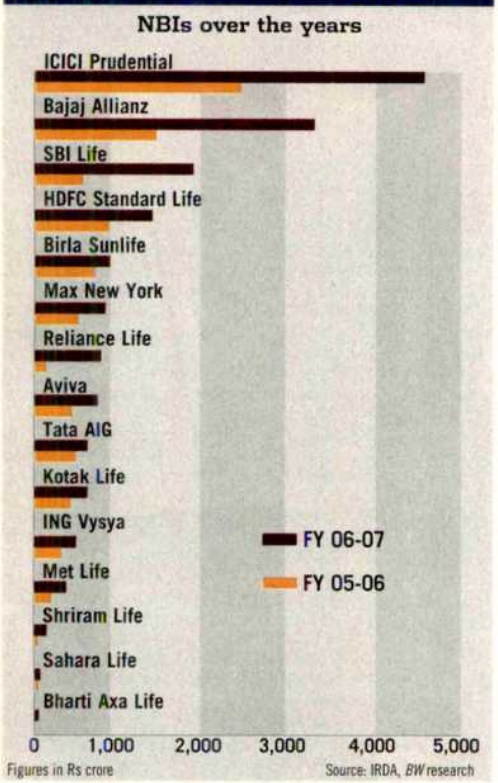
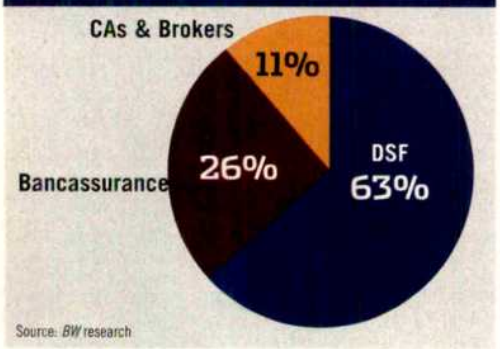


DISTRIBUTION CHANNELS



"We have more than 300,000 agents. Most of our costs go into training them to sell our products," says Sanjay Jain, head of marketing at Bajaj Allianz Life. "We try various models to sell our products." A company needs to set up branches to house agents and agency managers, which also impose high infrastructure and staff costs. "This is over and above the commission income that is paid to agents on a closed sales basis," says Rajesh Sabhlok, senior consultant, distribution practice, at Watson Wyatt, a Mumbai-based insurance consulting firm.

Why Pay So Much?

An insurance company official points out that corporate agency and bancassurance channels are often pampered by life companies, which they hope will generate large volumes of business. "Incentives to agents and bancassurance channels, over specified commission structure, could drain a company's resources," he says, requesting anonymity, adding, "Every company incurs the additional cost on keeping its sales channels happy." The life insurance companies that *BW* spoke to declined to comment if additional incentives for sales teams were offered. However, all agreed that reducing distribution costs remains a priority for them.

Rather than setting up a brick and mortar presence, many companies are considering riding on the existing network of intermediaries, who have established presence in the rural market place: rural branches of banks, co-operative societies, self help groups, NGOs, credit societies, and panchayats. These groups enter into arrangements with the company in accordance with IRDA regulations. Bharti Axa Life is considering using its sister concern's telecom distribution network to reduce penetration costs. "Airtel's existing network can help reduce fixed costs," says Nitin Chopra, CEO of Bharti AXA Life. "We could use the 180,000 distribution centres of the teleco to sell our policies."

Bank-owned insurance firms, such as SBI Life, may be looking at the bancassurance model. "It would reduce the fixed costs incurred by insurance companies in Class B towns and cities," says S.V. Mony, secretary general of the Life Insurance Council. A study on the performance of bancassurance conducted by Watson Wyatt in 2007 says life insurers expect over 75 per cent of NBI for the current financial year to come through the bancassurance channel.

But bancassurance also has its own problems. Insurance, unlike banking services, has to be sold rather than bought, something bankers are not used to. Life insurance products are also savings, in addition to being risk management products, which creates a conflict of interest.

Technology And Training

Technology could address some of the issues raised here. Hand-held devices for data collection and for the maintenance of receipts for renewal premiums are becoming common. These devices, much like the ones seen in coffee shops, facilitate data capture in real-time. Receipts are given to customers immediately.

But most of the spending for the companies goes into finding and training salesmen. ICICI Prudential Life, whose renewal premiums have grown by 66 per cent in 2006-07, has created a business unit to penetrate smaller towns, with a team of 20,000 agents. "Costs incurred on physical teams are large. But the business needs such spends if we are to sell insurance in rural regions," says Rishi Srivastava, ICICI Prudential Life's senior vice-president and business partner-rural. Even LIC has 13 lakh salesmen and it has yet not penetrated many regions.

The market is massive and insurance firms in India have only covered 4.8 per cent of it. Even urban regions, such as slums, need to be penetrated. "For insurance firms trying different distribution models, it becomes difficult to put a figure on how much is being spent to run a distribution system," says Roy of SBI Life. As the market undergoes more structural changes and insurance becomes commodity-like, the consumer audience fragments, and regulatory changes occur, the challenge of managing distribution will get harder. Who will cover those risks for insurance companies?

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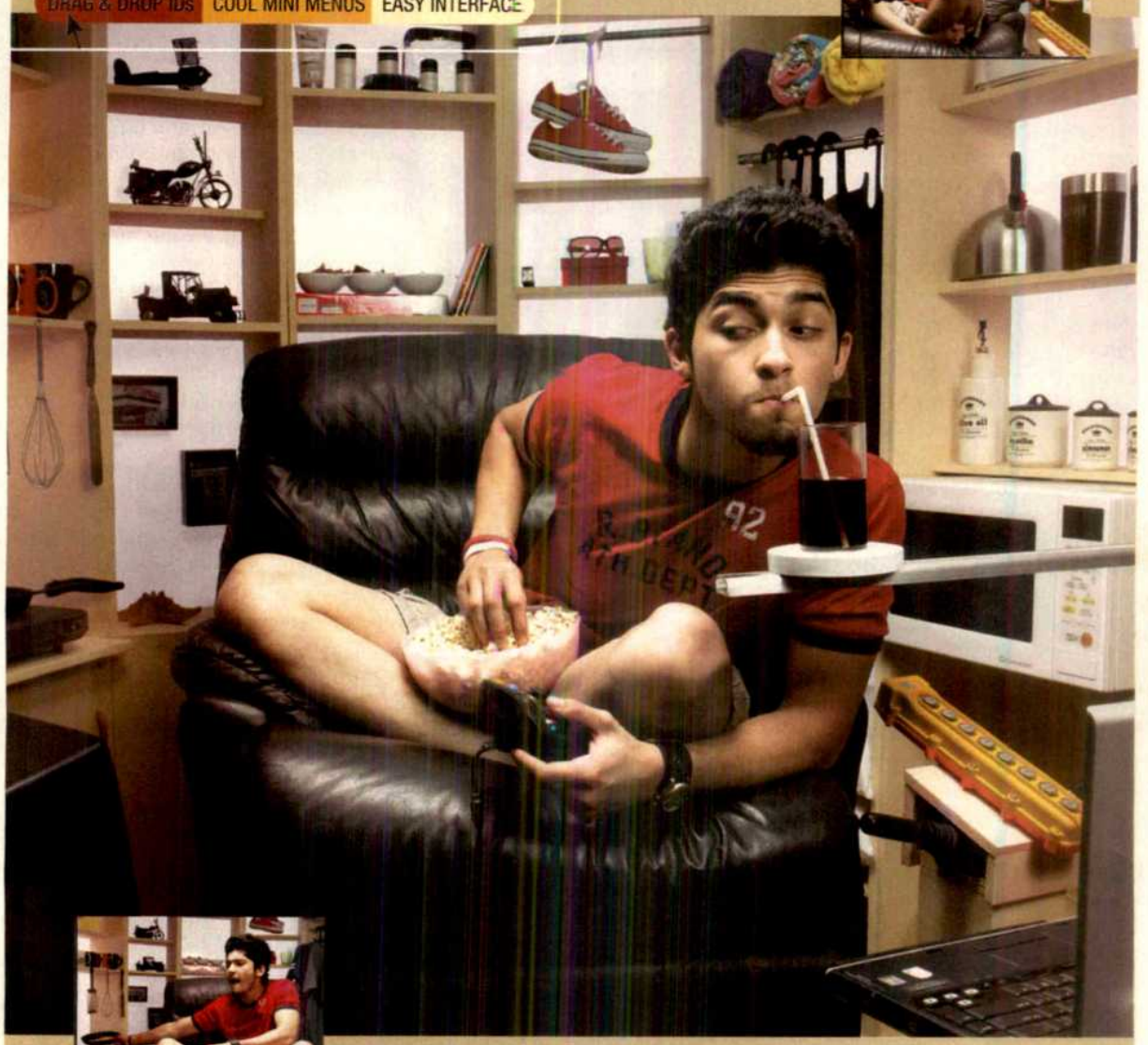

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Dollars And Sense

by srikanth srinivas

STATE CAPITALISM IS MAKING A COMEBACK, though not in the form we are familiar with. Going by the amount of column space being devoted to sovereign wealth funds (SWFs) in recent weeks, one would be tempted to believe that the industrialised economies, particularly the United States, are under attack: war by economic means. In November last year, the *Christian Science Monitor* ran a story under the headline "Will Sovereign Wealth Funds Rule the World?" But these funds have been around since the 1950s; what has scared people in recent times is how big they have become. From about $500 billion in 1990, they have grown to about $2.5 trillion now, or about five times in 17 years. The fear expressed by most revolves around the possibility that a foreign government could own your country's commercial assets. Others see its strategic value, both in the management of foreign exchange reserves and the possibility of emerging market economies using such funds for making acquisitions in developed markets.

Contrary to perceptions, sovereign wealth funds do not put economic and financial stability at risk

Are the fears grounded in reality? Take a look at the numbers and you begin to wonder. Assuming that the estimate of $2.5 trillion for SWFs is correct, compare that to the $110 trillion in global market capitalisation. The US market alone has a market cap of $50 trillion. There is approximately another $55 trillion in traded debt securities. Hedge funds are almost the same size as SWFs, though their current values might be much lower in the aftermath of the US subprime crisis. Assuming the same growth rate for SWFs, they could reach about $10-11 trillion by 2012. But global market cap will also grow substantially. So any idea that these funds could takeover global markets is widely off the mark. Given past experience, governments are more likely to lose money rather than make it. Just to look at the Chinese Investment Corporation's stake in of Blackstone — days after it invested $3 billion at $31 a share, it promptly fell to $22 a share. Kenneth Rogoff of Harvard University estimates that the SWFs make a return of about 8 per cent, much less than what his university's endowment fund makes. True but, 8 per cent is still almost twice what central banks make on their dollar reserves held in US treasuries and other low-yield assets.

Can they destabilise markets? Simon Johnson, chief economist at the International Monetary Fund, points out that the combined value of traded securities in the Middle East, Africa and emerging Europe is about $4 trillion, and for Latin America, that number is approximately the same. So the money in SWFs is comparable in size to some emerging markets. But the markets mentioned above, by and large, don't have any value proposition for SWFs. That said, there are worries about rogue traders and the lack of transparency in how these funds are managed. But consider this: SWFs that invest in other countries do so by taking large stakes — which even in publicly traded companies are illiquid because of the size — that cannot be easily sold without taking a significant loss. In that sense, they are a hostage to the country they invest in. So they should be welcomed, rather than feared. Besides, a reduction of excess global liquidity actually improves the stability of markets!

Should India have something like an SWF? The idea's proponents argue that we hold foreign exchange reserves in excess of our needs, and they could be put to use to generate larger returns than current reserves management techniques will deliver. The Planning Commission's Deputy Chairman, Montek Singh Ahluwalia's suggestion of setting up a special purpose vehicle through which the funds could be used for infrastructure financing is not without merit, they say. But take a look at the characteristics of countries that have SWFs, and it might give you pause. Most SWF countries are resource rich economies and exporters, getting rich on a global commodity market upswing. Non-commodity exporters such as China have been generating significant trade surpluses that become the source of their SWFs. We have neither a commodity that can generate surpluses; nor are we running non-commodity surpluses. We have been running a persistent current account deficit, kept manageable only because a widening merchandise trade deficit is hidden behind large capital inflows.

Yes, we have an abundance of riches in the form of forex reserves; but to borrow a banking analogy, think of it as money in a checking account or savings bank account, not a fixed deposit to be invested in another asset class. Before we decide to set up an SWF, remember, as we have discovered in our own past, that the state is not a very good capitalist.

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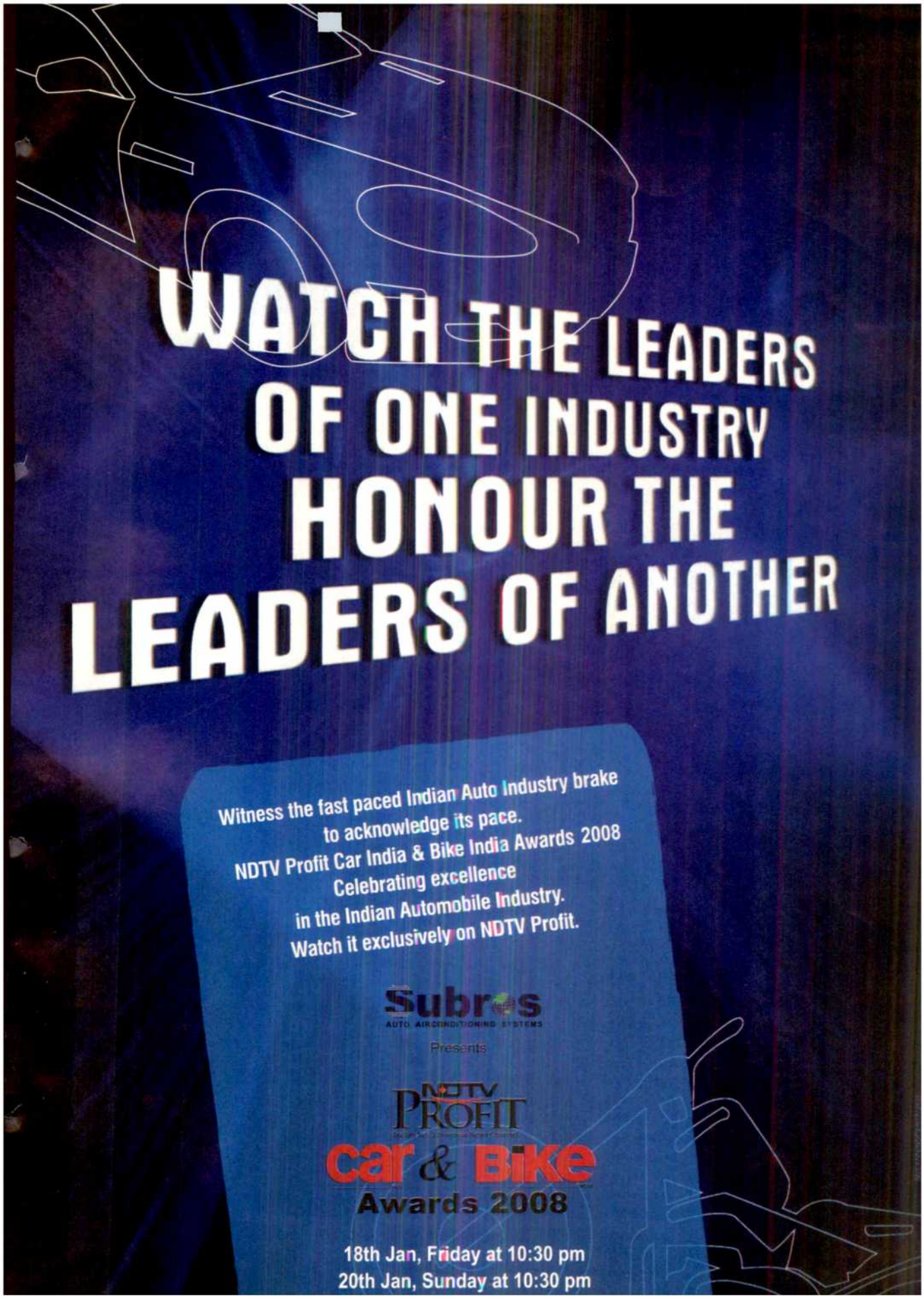
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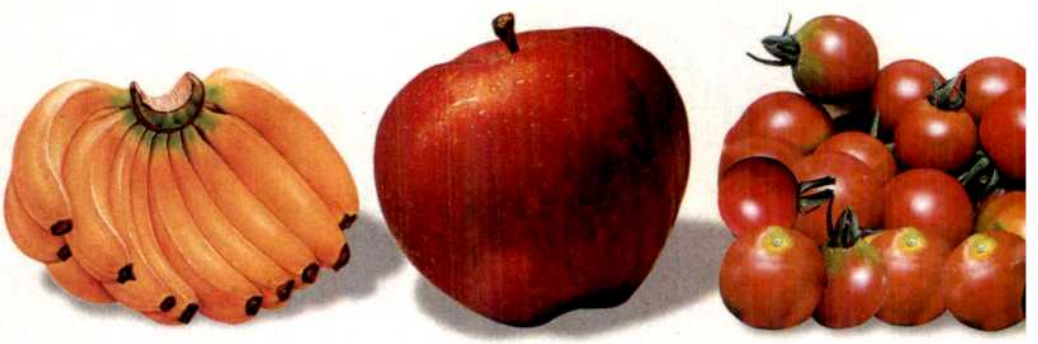
Foods With History

by Sumati Nagrath

The ecological price we are paying for exotic foods

TWENTY-SIX-YEAR-OLD SARAH RUDD, WHO LIVES IN the small town of Rugby in the UK, has never been abroad. She has not even been inside an airplane. But the food she eats has. In fact, most of the fruits and vegetables neatly stocked in her fridge have travelled thousands of kilometres from far-flung countries. The onions she picked up from her local supermarket have travelled over 19,000 km from New Zealand, the green beans around 6,800 km from Kenya, the cherry tomatoes almost 9,000 km from the US and the bananas have travelled 5,000 km all the way from India.

So, while Rudd, who works as an office administrator, is yet to earn a single air mile, her evening meal has already clocked up several thousand 'food miles', a measure of the distance that fresh food travels from the farmer's field to the consumer's plate. However, 'food miles' — an idea that originated in the UK and Sweden a few years ago — is more than just about the distance. It translates into energy consumption, pollution and greenhouse gas emissions. As a concept, it is meant to raise awareness amongst consumers and policy makers of the problems associated with a food system that is based on global sourcing and rather complicated, transport-intensive supply chains.



KNOW YOUR GREENS: Bananas are flown 5,000km from India, cherry tomatoes fly 9,000km from the US, onions from New Zealand fly 19,000km and green beans travel over 6,800km, all to provide the citizens of UK with seasonal fruits and vegetables, all year around

At the core of the idea of food miles is a desire to understand and highlight the social and environmental impacts of the changing food system as well as consumers' food choices. And it is a concept that is fast gaining currency with various consumer and environmental groups.

Reducing Food Pollution

Doubtless, it is insufficient to simplify the impact of food production, distribution and consumption to merely a unit of length. Measuring a food product's actual carbon footprint would take into account mode of production, packaging, cooking process, and wastage as well. Still, the term 'food miles' does have a growing resonance and has become a hot topic of discussion for government, industry, consumers and environmental groups in many of the developed countries. Take the case of Australia where the Australian Conservation Foundation is supporting a call by the country's farmers for clearer country of origin labelling, or Canada where the government has asked food retailers to reduce food miles as a measure to reduce their emissions contribution.

According to a 2005 report by the UK's Department for the Environment, Food and Rural Affairs, food miles in the country rose by 15 per cent between 1992 and 2002 to total up to a staggering 20 billion vehicle-kilometres. In 2002 alone these food miles created 19 million tonnes of carbon dioxide — almost 2 per cent of the UK's total carbon emissions, costing the British economy almost £9 billion.

These findings led to 'food miles' being cited as a priority area of action by the British government in its recently published Food Industry Sustainability Strategy. The document proposes that "as a contribution to both carbon saving and other environmental benefits and to local sourcing there needs to be a reduction in the domestic level of the environmental and social costs associated with the industry's food miles by, say, 20 per cent by 2012".

In India, meanwhile, mention of the term 'food miles' invites blank expressions and requires much explanation. But this is not neces-

sarily a result of apathy or unawareness. It would appear that we in India simply do not clock up significant food miles. Being the second largest producer of fruits and vegetables in the world — 'exotic' foods such as kiwis, asparagus and pak-choi are also grown in parts of the country — minimises the need to import. "In India we are lucky that most of our fresh produce is procured locally, all across the hotel industry," says Niranjan Khatri, general manager of Welcomenviron Initiatives, a division of ITC-Welcomgroup Hotels.

"We do import some exotic foods such as certain varieties of cheese but it is so expensive that there are few takers." Given that transportation costs of flying in produce are almost prohibitive, he says "in some ways economic concerns are actually helping the environmental ones".

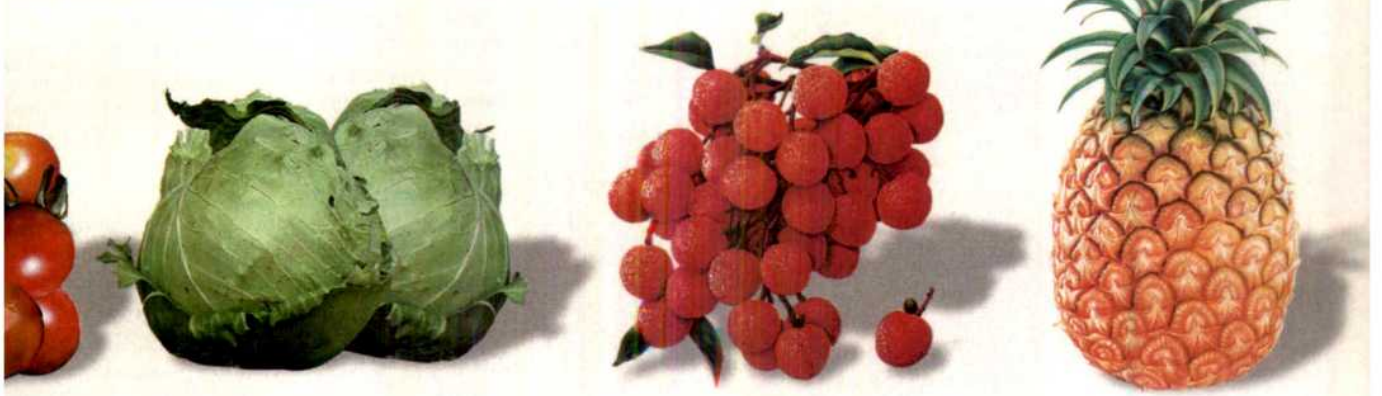
Indian food retailers such as Reliance Fresh, too, source locally, with imports such as Chinese apples forming a minuscule proportion of their total stock. "Our big concern is how to strengthen the supply chain in order to minimise wastage, which can amount to almost 40 per cent," says a Reliance Industries spokesperson. "Given that we have so much local produce easily available, imports just don't make sense." It would seem that a combination of abundance of produce and prohibitive transportation costs mean that we in India don't have to worry about food miles, yet.

In the West, however, as concerns over climate change grow, the distances travelled by food are coming under greater scrutiny and retailers are responding to heightened consumer awareness through a variety of measures. "We find that our consumers are increasingly concerned about the environment and want to know the provenance of food products, especially fresh produce," says Greg Sage, international corporate affairs manager of Tesco, the UK-based retail giant. "We have clear labelling that indicates not just the country of origin but also the mode of transportation used to import it so that customers can make an informed choice."

While major UK chains such as Tesco, Asda, Marks and Spencer and Waitrose have all expressed an intention to ensure that local sourcing accounts for almost 70 per cent of the stock in the near future, at the moment imports continue to outweigh local sourcing. This is because "there is a demand for different fruit and vegetables all year round," says Sage. "We do have to import some produce, including bananas and citrus fruit, which cannot be grown in the UK." He adds that Tesco tries to minimise the environmental impact by bringing in the vast majority of products by sea, and less than 3 per cent by air — the mode of transportation with the largest carbon footprint.

A similar argument is given by the US retail giant Wal-Mart. "While we buy millions of dollars of imported produce, that volume comes primarily when the product is off season in the US, the product is not grown in the US, or adequate supply or quality is not available from our US sources," says Wal-Mart spokesperson via e-mail.

Although both Tesco and Wal-Mart hold consumer demands for off-season products responsible for the significant proportion of imports, it is the supermarkets themselves that have spoilt the consumers by offering, what would typically be seasonal fruits and vegetables every day of the year, even if it has meant having to air-freight them from long distances. "Hopefully we will learn from the West's mistakes," says Khatri. "The day we start importing potatoes, is the day we should start worrying."



A Question Of Livelihood

Now the pressure is on from farmers groups, the government and consumers such as Rudd who want food retailers to source more and more produce locally, organically and according to season. But will doing that really ease environmental impact?

THE COST OF BOTTLED WATER

When was the last time you couldn't find a bottle of mineral water in your locality? Don't remember? That's not surprising, considering that per capita consumption of bottled water in India has tripled since 1999, according to Centre for Science and Environment (CSE), making the country the world's tenth largest bottled water consumer. There are over 1,000 producers of bottled water today, of which 428 licences were granted in the past year alone by Bureau of Indian Standards. But that sip of purity, part of a $25-billion global industry, has huge environmental costs. Not only does the production of bottled water consume huge amounts of energy, but it also results in tonnes of garbage every year. Many countries, including the US, the UK and even India import bottled mineral water from France, Fiji and Norway among others. Greenhouse gas emissions resulting from the transportation of bottled water within and between countries also contributes to global warming.

It's worse in India, where there are hundreds of small-scale producers who indiscriminately draw precious groundwater for their business. Besides contributing to water scarcity, this also creates social tensions between the hard-hit local community, specially in tier-II and tier-III towns and villages, and the bottling plant owners.

BLOOMBERG

Firstly, there is a real dilemma in the case of organic produce. Traditionally consumers opt for organic foods, not only because they are more wholesome but also because organic production includes less energy use and therefore lower greenhouse emissions. However, if organic products are transported long-distance, particularly by air, the emissions are far greater than the reduced emissions resulting from organic, rather than conventional farming. This realisation recently led the Soil Association — Britain's leading organic food certifying body — to almost stripping air-freighted foods of their organic status.

The decision was called off in the face of criticism from various development organisations who argued that air-freighted organic food is crucial to the economy of poor countries such as Ghana, Peru and Kenya where small-holder farmers have invested huge amounts to meet the standards demanded for export.

The fact that their produce could become an environmental pariah and be shunned by consumers in the West is deeply worrying and could have serious developmental implications for their fragile existence.

Stuart Rose, the CEO of Marks & Spencer (M&S), which has also started to label air-freighted produce to inform shoppers, released a press statement in July 2007 to assuage the fears of Kenyan farmers. The release quoted Rose as saying, "We are aware there have been recent discussions in Kenya about the issue of food miles. As a part of our wider commitment to make M&S a carbon neutral business, we are looking at ways of reducing our use of air freight. However, I want to emphasise that we aim to do this by using alternative modes of transport, like shipping, and not by reducing our trade with developing countries."

As of now none of the major retailers have reversed their sourcing decisions based on food miles. "We have not stopped buying imported product from any country due to concerns about food miles," says the Wal-Mart spokesperson. Neither Tesco nor Wal-Mart source any fresh produce from India at the moment and refuse to comment on the possibility that the option to do so might be also be thwarted if food miles gains traction.

However, there are those who are sceptical of the whole concept of food miles. A 2006 report produced by the Lincoln University in New Zealand shows that even if the environmental cost of transporting goods to the UK is taken into account, New Zealand still uses considerably less energy than the UK in the production of sheep meat, dairy, and apples.

There are also those who argue that it is more energy efficient to truck fresh tomatoes grown in the fields of Spain into the UK rather than cultivate them in hot houses in the country.

Whether food miles catches on as a concept in India as it stands at the cusp of a retail revolution, remains to be seen. And although it is not the most accurate of measures, 'food miles' is doing a good job of attracting attention towards the fundamental issues surrounding the sustainability of the globalised food trade and the increasing concentration of the food supply base and distribution in the hands of fewer and fewer transnational corporations.

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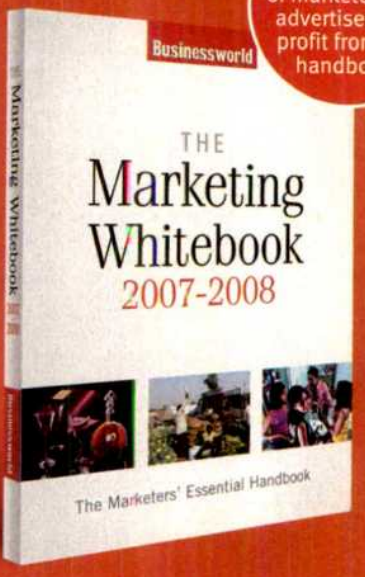

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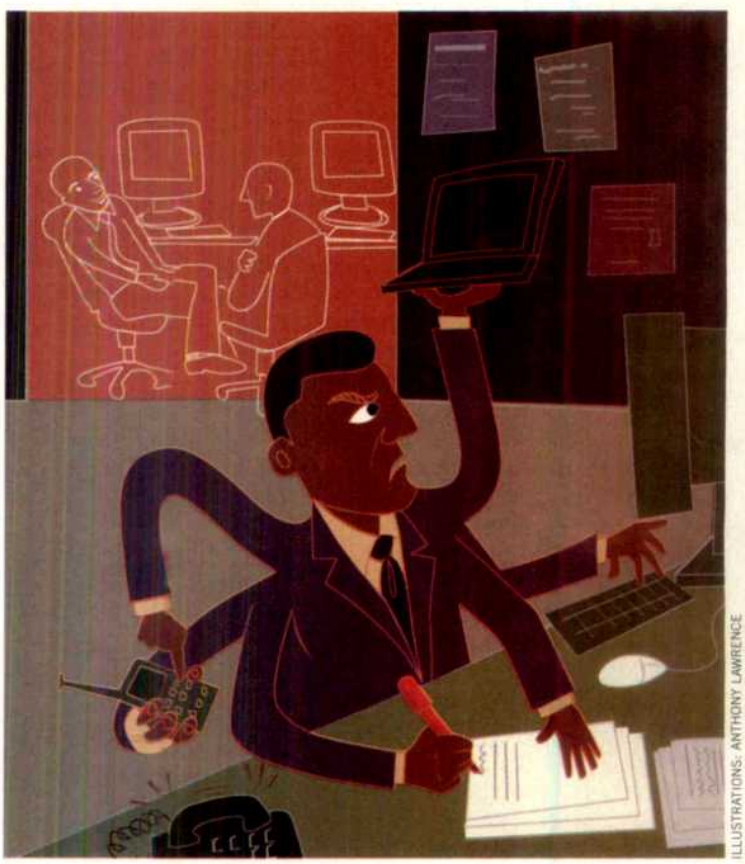
Know Your Strengths

There are painters who transform the sun to a yellow spot, but there are others who with the help of their art and their intelligence...

by meera seth



ILLUSTRATIONS: ANTHONY LAWRENCE

...TRANSFORM A YELLOW SPOT INTO THE SUN — Pablo Picasso (1881 - 1973)

Abhay Mankodi smiled as he saw the hour glass toy on his table. It was a flat hour glass with a shimmering gooey yellow liquid within. He recalled the day this gift had arrived. Ram was there, and he had read out the instructions: *Place next to you, where hours are spent in front of the computer screen. Relieves tension and stress naturally. Improves attitude. Controls anger with ease, overcomes grief and shock, minimises risk of depression...* And both had laughed aloud.

The phone rang drawing Abhay into the now. It was Kavya Krishnan, one of his managers. "Ram has not come in yet, nor is he answering his phone." Ram Kumaran, as we saw recently, was Abhay's senior manager who managed the banking sector at Epicensys (Epi). Recent encounters, call them circumstances, negotiations, interactions...had been fraught with mindless misunderstanding and grief for both men. Uniquely on Friday, Abhay had met Dhananjay Singh, a senior self-appointed life trainer at Epi. Fifty nine-year-old Singh, the erstwhile sales trainer at Epi, found his joy walking people through their crises to the light at the end of their respective tunnels.

Dancing, as he was endearingly called, had heard out Abhay patiently. "I know he has a good heart," Abhay said, "but there is always a crisis and people must learn to find their solutions. Now, last evening, Shubir left early and somehow Ram got drawn into sorting out the internet customer crisis at Aspenn, so that he stayed up at work till six this morning. This is causing difficulty in other parts of the business, parts where his presence, his energy, his awareness is needed, but which sometimes do not get his 100 per cent. Now I do sense that I am, maybe, getting my script wrong, so what I end up telling Ram is not what he *hears*." And Abhay described how the QC presentation had nearly been missed.

Singh had nodded sagely. Then he had said, "What good project managers routinely do is work more hours to bring faltering projects back on track. I sometimes think it is essential to their nature as project managers that they feel great discomfort if even a small crease appears. Projects can fail owing to the customer, or our own staff, or infrastructural collapse. Mediocre or incompetent project managers can throw up their hands and say what can I do. Good project managers or excellent ones roll up their sleeves and say this needs to get done and I will do it if no one else is available.

"So, take last night's situation where Aspenn's site was down. This project does not belong to Ram, but Ram knows the problem and has the technical expertise. He has an option of going home and ignoring it and letting Shubir deal with it. He is committed to his company and un-

derstands the seriousness, so stays back, solves the problem, and does not care to make it known that he had to compromise several important personal issues to get this solved because it was the right thing to do and it needed to be done. Similarly, he is also generous with loaning his best-performing team members or his own time to solve problems or help win deals, like the Bridge Bank deal.

"Funnily, these are traits we hope our people will come fitted with, will deploy, will deploy selflessly, will deploy selflessly and not thump their chest... 'funny' because despite all its built-in goodness, this very trait causes grief too... hmm...." Singh scratched his grey beard, then said, "I know, I know*www*..." and one could see Singh grappling with Abhay's dilemma. Then he reasoned, "Look, he is a guy who thinks of the company first and self later. I have the choice of pinning him down to formally-defined behaviour and boundaries. But, I think, what we have outside of this, that is, his helpful, non-demanding, generous disposition — that is more valuable, Abhay, don't you think?"

"I agree," said Abhay. "He does go that extra mile and many don't. See, if one saw that trait in isolation it means one thing. But when you see it in conjunction with 10 other things that depend on him and which derail completely over one man called Ram... I don't know what to say. Yet, I must also add, he does appear to try out impossible tasks which are bound to fail, but at the same time, it does seem to me he tries to please everyone. He needs to know his limitations and I think he does not believe he is limited! Yet, if you point this out to him, he is just the kind of guy who can argue for both sides ...."

Singh: Yes, isn't that nice? He does have the ability to see both sides of an argument, but can't you see, inherent in this is his inner desire for all round happiness and his need to accept everybody... he is inclusive... sees all as equal. I think he just wants to make everything all right! To me these sound as positives. In today's day and age, to get people with that lightness of skin that feels such subtlety, is too much, Abhay! And then I also feel, it is one thing to have such feelings, but managing a nature like this requires great ability.

The meeting with Dancing had been very cleansing, restoring. Abhay had felt safe, led now to the mouth of the tunnel's light. But now Kavya's message to Ram cast a perilous shadow — Where was Ram?

Ram was sitting in Singh's office. That was what was agreed when they had met outside the lift before the weekend. "Always such a pleasure to see you Ram," and thus, Singh had greeted him. They talked of this and that, when Singh noticed Ram's clothes. "Friday dressing on a Monday? But then why not? A thinker should not experience the body — so I believe. Good, good." And Ram had looked most uncomfortable when he said, "I have decided to resign."

Singh's brow knitted a small furrow when he said, "Oh?" and then, "Are you happy doing that?" Ram shook his head almost instantly. "Then what makes you resign?" asked Singh.

Said Ram, "Please do not think of my words as a complaint, but as my failure. I am not able to add value to Abhay Mankodi's work." And Ram went on to show the various instances when they had clashed resoundingly.

Singh grunted, then made some very comforting, concern-showing, yet displeased sounds. "This must be so difficult for you," he said. "You are so right too, ever since Epi set up, you have been with us and yes, this is the first time in 10 years that you have a new boss. Wow, I did not even think of that!"

Then switching moods, Singh said, "And now you feel you are not hitting it off with Abhay. Hmm... you know, — and I have been watching people as a profession all my life — there is always a correction and adjustment process in every relationship, and it takes a while before the boss-subordinate relationship falls in place.

"You often have situations when one person reports to another for a long time, and both are happy with each other. When this happens in your first job, you expect this is how life works. You expect that bosses are supposed to be nurturing and well meaning. Reality is that bosses are actually human; they have a nurturing side, a selfish side, a weak side, an unhappy side, a lonely side, they have priorities, and they cannot succeed if you fail. It takes a while to figure out the equation and the hot buttons, Ram. *It's been only eight months, my friend!*"

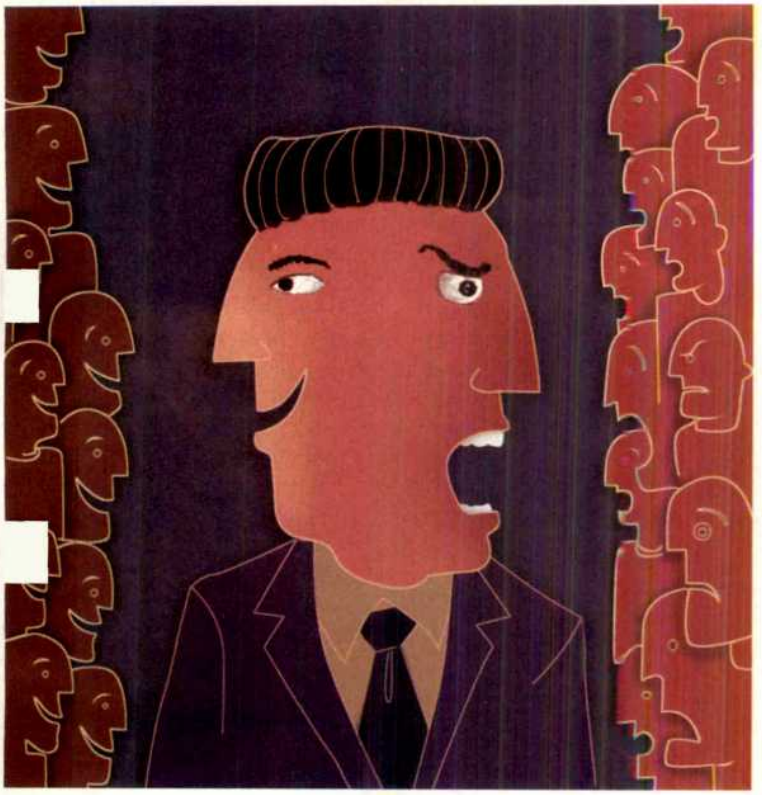
"Eight months is a long time, sir," said Ram. Singh agreed, adding, "But not when you have made the change after 10 years! Habits, styles, methods, processes...everything undergoes a change. Why, I am sure even the smells and flavours must have changed! I wonder if Abhay too feels that after 10 years at Pentac, no? He must feel the whole organisation is against him...ohh that would be so bad!"

Ram: Change I understand, but it's not just Abhay. My peers and subordinates and even customers now... I read that 360... it did not feel good at all.

Singh then clicked a few buttons on his computer and printed out a sheet of paper and handed it to Ram. "I found something in my mailbox today and thought you might like it. Here, read this." Ram took the paper and read:

Self Empowerment. *Our inherent strengths*

Reality is, bosses are just human; they have a nurturing side, a selfish side, a weak side, an unhappy side, they have priorities and they cannot succeed if you fail



create the foundation on which we make our decisions in life, how we relate to others and how we understand ourselves. For most people, they are understood but never made very conscious. They lie below the surface and are not openly talked about. Bringing them into our conscious understanding enhances our process of self empowerment.

Singh smiled and said, "It is from the Brahmakumaris; I liked it. Anyway, coming back to you, what has changed that you want to quit?" Ram said, "I *feel* the change, and these changes rush me, suffocate me at times, suffocate not by stopping my expression, but by crowding in on me and watching me."

Singh sighed and said, "But you have it in you to add value, you have added value to Epi all these years...do you think you have made a difference to Epi?

Ram: I don't know. The past few months, whatever I do seems to have a negative impact.

Singh: Ohh... you are dealing with a lot, aren't you? Let me ask you another question: suppose you were applying for a job and they asked you to list your strengths... what would you list?

Ram began mindlessly at first; he said, "stamina, ability to know people by just talking a little to them, to handle people, to stand above a situation and be able to spot the problem, to then be able to shepherd the team to find the solution and implement it..? I am telling you what others have told me about myself..."

Singh nodded, "Sometimes, that source is very dependable, no? Ok, so essentially you have the ability to lead without appearing to

Our inherent strengths create the foundation on which we make our decisions in life. For most people, they are understood, but never made very conscious. They lie below the surface

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lead. Valuable. You know we did that 360 survey recently? One chap said about you, wait, let me get that sheet out. OK, here it is, *'he gets into a situation, searches for the right thing to do, looks for the right people, goes about it in right way taking people along'*. This is nearly what you said. Ok, what are the great victories you have achieved so far?

Ram pondered briefly as if arranging his thoughts, then said, "Remember the first contract we got eight years ago — Kolbar Investments — which was the first 1 million-dollar contract, no? I think I handled it quite well. It is such a prestigious account, everywhere I am known as the man behind Kolbar."

It was Singh's turn to smile, "Let me complete that story... do you know you were not the first choice to lead that account? We were so small and all we had in terms of credentials was Dev Devanna, our promoter and founder chairman. Dev's nephew Vijay was identified as the manager on that account. But he had to undergo that serious surgery in the nth hour; you were a young rookie who was added as a stopgap to lead a team of 35 people; and we told Kolbar that we're searching for the right person. Then, after two weeks, Dev pushed you in front and said, this man will lead and I'll never forget the look on the Kolbar CEO's face when he saw you! You used to be a scrawny timid chap those days!

"I remember, it was a 35-member team at Kolbar and they were the ones who told their CEO, don't change Ram. That account has grown from 1 million to 20 million. Yes, it was your fine people skills, that helped you carry the team of 35 with you, despite being younger than most of them. What else Ram? Any other victory?" asked Singh, watching Ram keenly.

Ram shrugged in a way as if to devalue the victory that came to his mind. "Aspenn Bank's launch, remember? Their online banking site? The site had to go live on a chosen date and two days prior to this, someone in the QA department spotted a bug which was serious and threatened to delay the launch of the site...I set it right in record time."

Singh nodded vigorously. "Yes I can never forget that one. How can I! The CIO called you to his home for dinner — everyone here went purple in the face talking about it."

Ram smiled and said, "That's when he signed us for a 10-year contract." Singh looked at Ram and said, "Do you know what he told Dev? You don't know. The CEO said, 'I am giving this to Epi because you have people like Ram in your company.'" As Ram smiled embarrassedly, Singh said, "Dev did not want me to tell you this then, because you were so young and he feared such glory would rock your head. Dev was gruff like a father...he said, that boy need not know, let him grow up a bit. I think you are grown up enough to know now...! We don't need more proof of your success, so tell me what strengths did you use at Kolbar and Aspenn?"

All
I saw there was a task, which required completion, that it had to be done in the right way, and it needed us to work together. So, I don't know what strength we're talking about here

Still palpitating after hearing all this, Ram said, "I was not conscious of using this strength or that strength. All I saw was there was a task, which required completion, that it had to be done in the right way , and it needed all of us to work together. So I don't know what strength we are talking about here.

Singh nodded, then said, "Ok, suppose you were the head of Epi or an Epi-type company, or, say, you are the head of Kolbar and Aspenn... you talk to Dev Devanna...what do you tell them about Ram that you admire very much?"

Ram: That he sees the big picture and that he knows his place in the picture but that he remembers that what is important *is the picture.* What I like about him is his commitment to the task at hand, his passion for his work and his company, and his ever readiness to go beyond the call of duty. There are many like him but what differentiates him from the rest is his native intelligence, his intuitive feel about what will work and what won't and his ability to stick to his conviction of doing what will work no matter who objects to it.

At this stage, Ram reverted to first person and said, "You know, Sir, back in Kalburgi, we are taught as kids to look at the sky and study if it will rain or not, if the sun will blaze or if it will be cool, we can even look at a vegetable and say if it has ripe seeds inside or raw. We know things by seeing... my point, Sir, we use our senses a lot more efficiently."

"How is it different here, Ram?" asked Singh, softly. And Ram replied, "It's just unpredictable, that's all. Like my colleagues, and what they have said about me in the 360. I wonder why..."

"OK, let's examine them, Ram," said Singh, "For instance, this comment, *'He is a very competent guy but sometimes does not know his own limitations and expects too much from himself. We would be happy if he says no and we will not expect. He says yes and tries his best at impossible tasks sometimes... tries to make everyone happy. We wish he would act like a boss.'* "This one?" asked Singh. "Is that a negative comment or is that a positive comment? Let us see...when you have even two people working under you, the responsibility is high. We tend to not recognise this. We all become too filled with the anxiety to deliver, perform, blah blah blah... but let us pause and play back what they were saying, yes?"

Just
as Abhay is boss to you and you are finding some aspects difficult, so too your subordinates are expressing difficulty

After more analyses of that kind, Singh said, "Just as Abhay is boss to you and you are finding

some aspects difficult, so too your subordinates are expressing difficulty. *Difficulty is not inefficiency.* I'll make this easier for you by telling you your two critical strengths, which none of us here have, strengths you yourself have stated, which you have allowed to be buried and lost: *a) I was not afraid to say that this won't work to people who were 20 years senior to me, because for me the focus was the project and the customer b) We know things by seeing... my point Sir, we use our senses a lot more efficiently.*

"Your native intelligence is what has hoisted you to this height and keeps you refreshingly good to have around, Ram. Don't let that intelligence die. *Use your senses more efficiently and trust them.*

"At the same time, it pays to be aware that we can have weak spots. Or, that we can come head on with a different viewpoint and that viewpoint might just be right. But it would be a mistake if instead of seeing that as one more viewpoint or a better viewpoint, you take away the feeling that you are wrong. Let me ask you a question; this is something I have always wondered about you. I have often seen that when you are faced with the most complex technical problem, you never give up till you find a solution to it. Why is that? Rather, what is the inner voice playing back to you then?"

Your native intelligence is what has hoisted you to this height and keeps you refreshingly good to have around, Ram. Don't let that intelligence die. Trust your senses

Ram smiled weakly, and said, "I have this inherent faith in technology, Sir, that since someone like me, somewhere, designed it, we share the same thought pattern. I believe that all thought rises from the same source, so the solution too lies embedded in that source...and I can solve it by identifying with that person and trying."

Singh gasped. "Wow! So, tell me, are not people situations the same? How are humans different from technology when it comes to reasoning? The faith you have in your ability to comprehend technology, credit yourself with the same ability when comprehending human beings and their relationships.

"Hold on to the same faith, Ram. This is just another puzzle inside which you feel trapped. Go, unravel it..."

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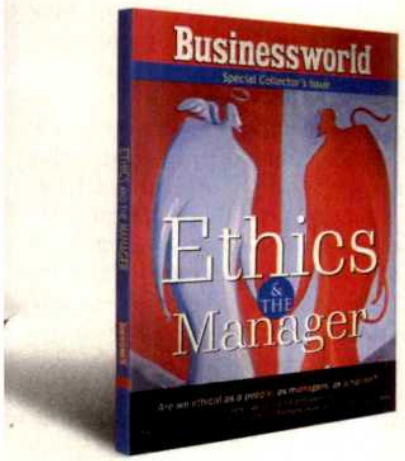

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Que Sera Sera

My mantra for success would be just two things — the process, and positive reflections

FROM "CULTURE CONFLICT" TO "*QUE SERA SERA*"? IT is interesting how life is not all about the straight and narrow. Organisational life even more so.

If the previous case was about Culture Conflict and how it could have been managed though the five Ps — People, Passion, Process, Performance or Positive progress — with the sixth — Positive reflection — being kept in abeyance, this one, on the other hand, is about a relatively ignored area of introspection, the softer dimensions of conflict, its resolution, managing organisational change. With one single relentlessly focused objective in mind... the Holy Grail of Performance.

In an insightful book, Peter Schwartz, the futurist and author, says that many surprises in life — and business in our turbulent times — are inevitable, predetermined, or in a more Indian sense, preordained, if only we recognise them early enough and respond to them. For this, we need to paint scenarios, anticipate change, and respond with strategies and plans. And importantly reflect within.

So, what are the facts this time?

First, Epicencys seems to be hurtling out of control. Our protagonist Ram finally resigns. Abhay Mankodi is reflective. Dancing is the mediator, the sage.

There is recognition of the change. Some recognition of the processes exist, as in the 360 degree feedback. But was this not all inevitable? In the pace of the industry that Epicencys lives in, change, to use a cliché, is the only constant.

Second, Ram's background of being a small-town boy with old-world values did not quite fit into the framework of the new Epicencys that Abhay Mankodi represents. Metrics and Performance are his mantras. Yesterday's heroes and today's zeroes. All undone by the relentless march of time and today's needs.

So there is no time to stand and stare. The previous case talked about a conflict being brought about between boss (Abhay) and subordinate (Ram), between small town and global-city boy, between the need to perform narrowly within one's confines and the need to support an eco system, for that is what we all did.

Third, 'But the world has changed'. And interestingly, for all the advancement of knowledge, science, processes (business, HR, metrics, et al), have we, in organisations, which employ the likes of Ram and Abhay, really spent time in philosophical introspection, seen within ourselves, reached out to others with the ease of the small-town boy mentality, found mentors, sought feedback, and responded to them? Do we have the processes to deal with them? More importantly, do we have the people to recognise, respond, and support such change from within?

The answer is no. This not only applies to Epicencys, but to virtually all kinds of organisations as they grow larger, become consumed by the fiery pace of competitive spirit, and numbers become so large that employees become SAP code numbers.

So, where is the time to stand and stare, adapt, and most importantly, discover the change on three key dimensions — first, the competitive landscape; second, the altered workplace and relationships at a professional and personal level, and most importantly, the change within? The last one is the crux of the second part of the case study.

So, what could Epicencys, Abhay, Ram, Dancing, all have done? Anticipated 'inevitable surprises'? Sure.

Just responding to business strategy is what our degrees teach us and Epicencys seems to have done a good job of it with its customers resulting in growth (Aspenn), homegrown talent (Ram), newly inducted talent (Abhay), etc. But the earlier businesses recognise the human dimension in grappling with change, the earlier it will enable, though not guarantee, success.

So, this time, my mantra for success would be just two things. First, the Process (Feedback, 360 degree, conflict resolution). Second, the Positive Reflections (Self Empowerment, Mentoring, Change from within programs). Process changes in human resources are relatively easier to accomplish. Every modern firm has one. information technology service firms are perhaps ahead of the curve given the sheer pressure of business and employee numbers. It is a matter of survival. The second is about the near-dormant right brain in organisations. When soft areas such as these are touched upon, most organisations are either ignorant or fearful to tread there, because to stay within the straight and narrow is safe. When Dancing provides not just the process but a mirror to Ram, he is doing the organisation a huge favour.

So, does Ram get to stay, as in the puzzle? To me that is not the relevant issue. Whether he stays back or leaves, as long as the puzzle is unravelled, Epicencys wins. And here's to inevitable surprises!

The author is corporate vice-president of strategy at HCL

'Strong' dose

Ram is pulling guilt into himself and talking about he is at the root of the malaise

THIS CASE HIGHLIGHTS TWO FEATURES —

1. The tensions that get created when people in systems take up entrenching psychological locations.

2. The phenomenon of either neglecting to own up one's positives or focusing on a portion of those, thus, starving the wider base of affirmation required for their growth.

Let us examine the first feature through the matrix below: Here, organisational norms represent that space where productivity, efficiency and predictability are highlighted and sought. Further, institutional spirit represents that space where exist phenomena like: 'sense of belonging', a yearning for the company's well being, 'a larger calling', going beyond role briefs, acts of spontaneity, etc. I have placed on the horizontal, two human phenomena that illustrate conflicting pulls — evocation and entrenchments. Evocation is that calling forth, rousing, a force that invites action and movement. Entrenchment refers to that force that holds back, an over definition that inhibits new action.

Abhay's primary location seems to be an entrenchment in organisational norms and role boundedness. When he states that Ram's reports are not subtle enough to understand Ram's inclusive conduct, he is implicitly referring to his own inability. His disowned "shadow" seems to be his difficulty in finding evocations in the distinctive quality of institutional spirit.

Ram's primary location seems to be an entrenchment in the institutional side — doing the "right thing", volunteering to step in, etc. In his case, the organisational norms side is not disowned — but it clearly seems to be a distant second. Ram and Abhay end up becoming mutual counterpoints. We wonder how much of a potent force they could jointly become if they could learn to integrating their orientations.

AS THINGS STAND

Dancing needs to act here. He brings in his integrity to the process but he could also coach Ram and Abhay together to find synergy. Will he? Or will he limit himself to act only when approached ? Dancing should step out of the 'consultant's cocoon' and call for joint meetings — he seems to have succeeded in evoking both Abhay and Ram to explore beyond their entrenchments — he needs to go forward now.

Now for the second feature. This is most clearly evident in Ram. We have earlier seen Ram in his "good son" role and as a creator-of-dependencies. This time, we see a self-effacing trait that may be part of the unexamined parts of his identity or one that may have been examined and converted to a virtue. Typically, all that Ram seems to be doing is to pull guilt into himself (perhaps a pseudo-guilt) and talk about how *he* may himself be at the root of all the malaise. To compound things, he seems to have archived all memories of his past strengths.

Dancing does the right thing in getting Ram to get in touch with the positives that he seems to have lost touch with, while also simultaneously helping him see the so-called negatives in a certain perpective. However, even Dancing may be out of his depth in attempting to get Ram to invest the same faith that Ram has in comprehending technology to comprehending human situations. Here is gam bling, while previously he was trading with some certainty.

Let me leave the protagonists, and you, dear reader, with some questions:

Abhay: When would you learn to distinguish between being a great leader and a good manager?

Ram: What does it take for you to realise that it is indeed possible for you to add to your capability by exploring identities that you have disowned or not explored?

Dancing: When would you put on your dancing shoes and add visible action to your consultative orientation?

To all of us: Do we know what it takes to build institutions? Organisations exist while institutions last...

Finally, an imperative: Dancing needs to move from avuncular to action mode. The three need to meet to get to coherence. One mode would be to give themselves 90 days and a collective goal to make things work — a goal with co-ownership, not grudging participation. Collectively, they can make it work. And rediscover their benched strengths.

V. Kartikeyan is the founder and CEO of Vistas Consulting, a consulting organisation for building organisation and leadership capabilities

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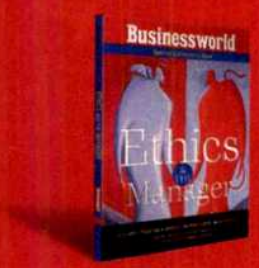

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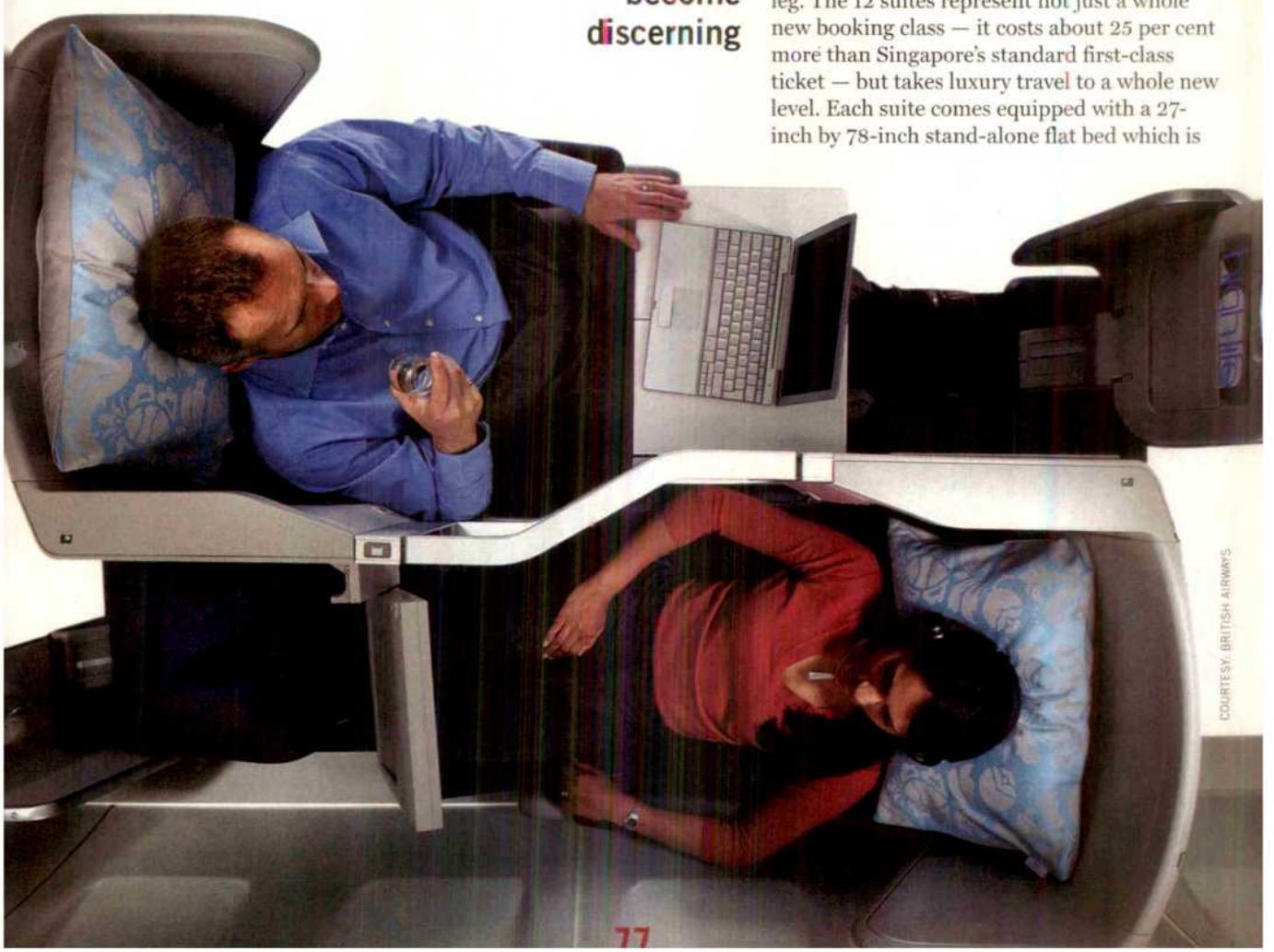
LUXURY

1st class edge

Luxury reaches new heights as competition gets tougher and customers become discerning

WHILE TIME IS THE GREATEST LUXURY, FIRST class travel comes a close second. And dressed in Givenchy designed silk pyjamas and tucked into a flat bed with a down-filled duvet, after you have dined on a meal cooked by one of the world's finest chefs, you would be hard pressed to disagree. Tougher competition means that airlines are upping the ante to provide that ultimate travel experience.

Last October, Singapore Airlines debuted its A380 first-class suite on the Singapore-Sydney leg. The 12 suites represent not just a whole new booking class — it costs about 25 per cent more than Singapore's standard first-class ticket — but takes luxury travel to a whole new level. Each suite comes equipped with a 27-inch by 78-inch stand-alone flat bed which is



THE SNUG FEELING: As airlines race to provide more, customers benefit, albeit at a price

COURTESY: BRITISH AIRWAYS

Entertainment

MUSICAL REUNIONS

Rock heritage never had it so good. In 2007, many legendary rock bands reunited after a long time to recast their spell on old rock fans. *Led Zeppelin, The Police, Genesis, Ace of Base, Sex Pistols and Smashing Pumpkings* reunited to perform live. Even

another popular band *Spice Girls,* came together. The *Eagles* returned with an album — *Long Road Out of Eden* — after three decades. *The Police,* led by *Sting,* set the bells ringing in February when they opened the Grammy

Awards function. They followed that up with a reunion tour opener in May in Vancouver. They also became the largest grossing live act of the year, selling a million tickets. Sex Pistols and Genesis reunion tours met with only reasonable success, making some wonder if the old icons were best left to be savoured in memory. But the stupendous success of Led Zeppelin showed the pulling power of the golden olides.The Zeppelin show in December in London found more than a million takers for less

than 20,000 tickets, which were priced between 120-250 pounds each. The pulsating performance of Page, Plant and Jason Bonham who filled in for his late father, John Bonham,left the world asking for more. 1990s iconic group, Spice Girls, which sold 55 million records, also pulled together to recapture the adulation they had enjoyed before venturing into indifferent solo careers.

separate from the seat, which measures 81 inches in pitch and allows for a recline of up to 130 degrees. And, of course, let's not forget the 23-inch television screen and the discreet but impeccable service. Jet Airways has followed suit and now offers eight first-class suites — each with over 26 sq ft of usable space — on its Boeing 777 aircraft. The Jet suites allow dining for two and come equipped with a private wardrobe closet. Virgin, of course, takes a leaf out of its owner Richard Branson's rather colourful book to offer suites with double beds. And then there is the stand-up bar, ideal for those who are looking to mingle. Besides the usual comforts of completely flat beds and in-flight

COURTESY: BRITISH AIRWAYS

DINNER FOR TWO? Private spaces is no longer a myth

entertainment on demand, the first class passengers in Cathay Pacific and British Airways can also have their meals cooked to order. The staff serving the BA first passengers bring their heritage to bear as they unobstrusively pay attention to your minutest need.

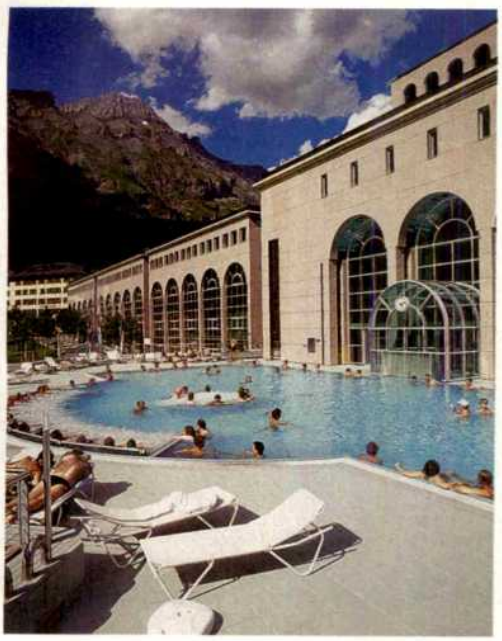
The pampering to many of them starts much before you even enter the aircraft and continues much after you disembark. A valet greets Thai Airways' first class passengers outside the airport and whisks them through check-in, immigration and security and into a spa for a massage at the lounge at the Bangkok airport. With airlines trying to outdo each other, it would seem the term 'height of luxury' is going to acquire a whole new meaning.

Sumati Nagrath

Gonna soak up the sun: Sunny days, cool breeze, blue ocean waters. The Jamaican beaches are a fantasy getaway.

BODY AND SOUL

Hot spring to life



OASIS: Hot springs in cool valleys in the heart of Leukerbad

BETTER KNOWN FOR its snow and skiing, the Swiss winter offers a not too well-known pleasure — thermal water pools in the middle of snowy slopes.

In the Leukerbad area in the middle of the Valais district, there are healing thermal springs that replenish your body. Almost four million litres of warm water gushes out of Leukerbad's several natural hot springs. The Romans were using these springs for wellness thousands of years ago.

The adventurous may trek to the main source of the thermal springs in the Dala Gorge on the edge of Leukerbad. Alternatively, one can simply walk into one of the 150-odd spas in the area for an indulgent massage and healing bath in the water from thermal springs.

Many spas offer the Roman-Irish style bath. This involves a series of alternating baths with steam and water of varied temperatures with subsequent rest wrapped in steamy towels. One is free to drop the towel on the premise, literally, if it makes one feel liberated.The more indulgent can enjoy champagne breakfasts in thermal water in the neighbouring Burgerbad.

BON VIVANT

Appreciating scotch

GRAIN PEDIGREE: Asif Adil

LIFE IS ABOUT CELEBRATION! AND SPIRITS cherish the gift of life. While many beverages delight my tongue, Scotch whisky is a perennial favourite.

The Scotch Ritual: It is a ritual because Scotch deserves to be approached with respect. It is an experience that must delight all the five senses.

Sound: Choose a tranquil place. The only sound that deserves to accompany a Blue Label is a Mozart or something in the same league.

Sight: Observe the colour of the whisky by holding it to a light source. The colour tells something about the type of maturing casks and the age of whisky. The more mature whiskies tend to be darker.

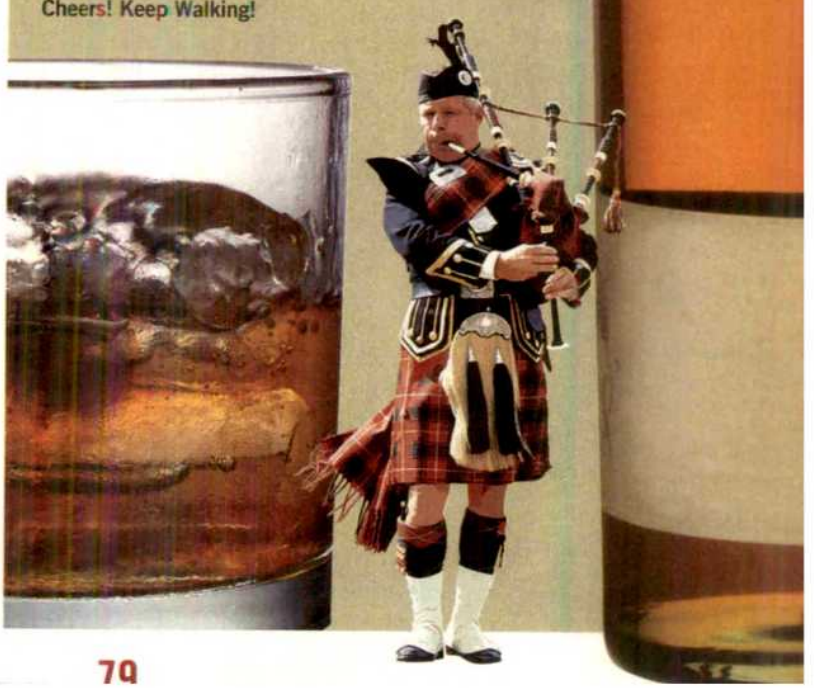
Taste: Take a small quantity of whisky in your mouth, and hold it for ten seconds at least. Swirl it gently in your mouth, and be sure it travels to all parts of your mouth.

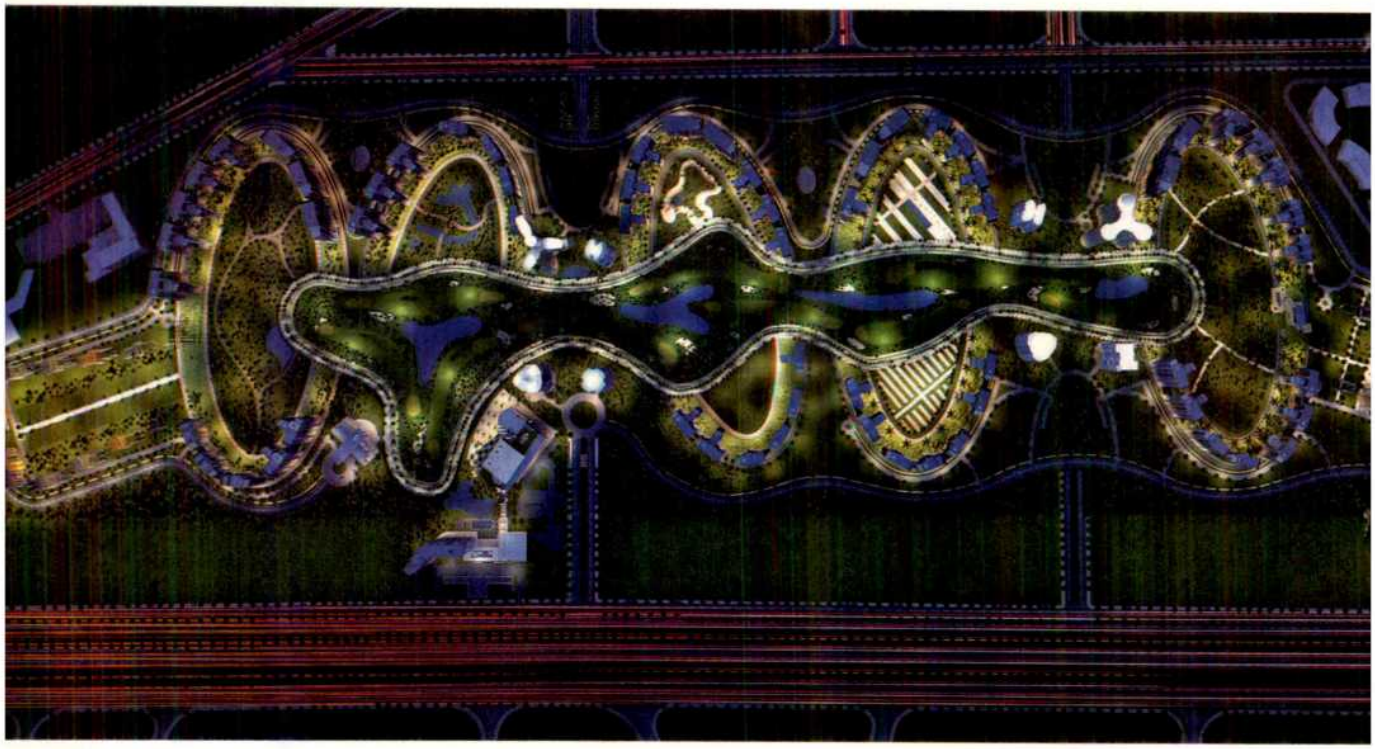
Smell: After swallowing the Scotch, gently breathe in through the mouth. Then breathe out slowly in order to bathe the sinuses in the aromatics of the scotch.

Touch: Experience your skin tingle with goose bumps rising as the 'golden nectar' travels from the palate to the stomach, warming every part of your body.

With all of this said, good Scotch whisky is an acquired taste. Appreciating scotch whisky is an experience to savour.

Cheers! Keep Walking!





HOUSING

Real-tee

Golf communities provide a new meaning to recreational facilities in housing societies

HAVE MONEY, WILL HAVE A LIFE. INDIANS WHO have made good money in the current economic boom are looking to trade up their lifestyles. Golf communities — houses integrated with golf courses — are in vogue. By 2010, Delhi's suburbs will have many options, as some of the biggest builders — Unitech, JayPee, and DLF — are already at work constructing those. Emaar-MGF is building one such community in Hyderabad.

Costing upto 8 crore, the apartments and penthouses promise to give their residents the opportunity to play golf as readily as a walk in the neighbourhood. Of course, the membership to the golf clubs will be at a hefty extra cost.

DLF and JayPee already have international quality 18-hole golf courses at Gurgaon and Greater Noida. DLF's Magnolia Apartments look over the DLF Golf & Country Club, which will host the Johnny Walker Classic golf event in Feb-March 2008. DLF has another apartment set coming up along its main golf course, which will be completed in 2009.

JayPee is building multiple apartment sets at its already functioning golf resorts at Greater Noida, about an hour's drive from Delhi's city centre. The golf community is expected to be completed by 2010. One bonus that JayPee offers is proximity to India's first F1 racing track that the company is building a few kilometers away. This track will host the first ever F1 race in India in 2010.

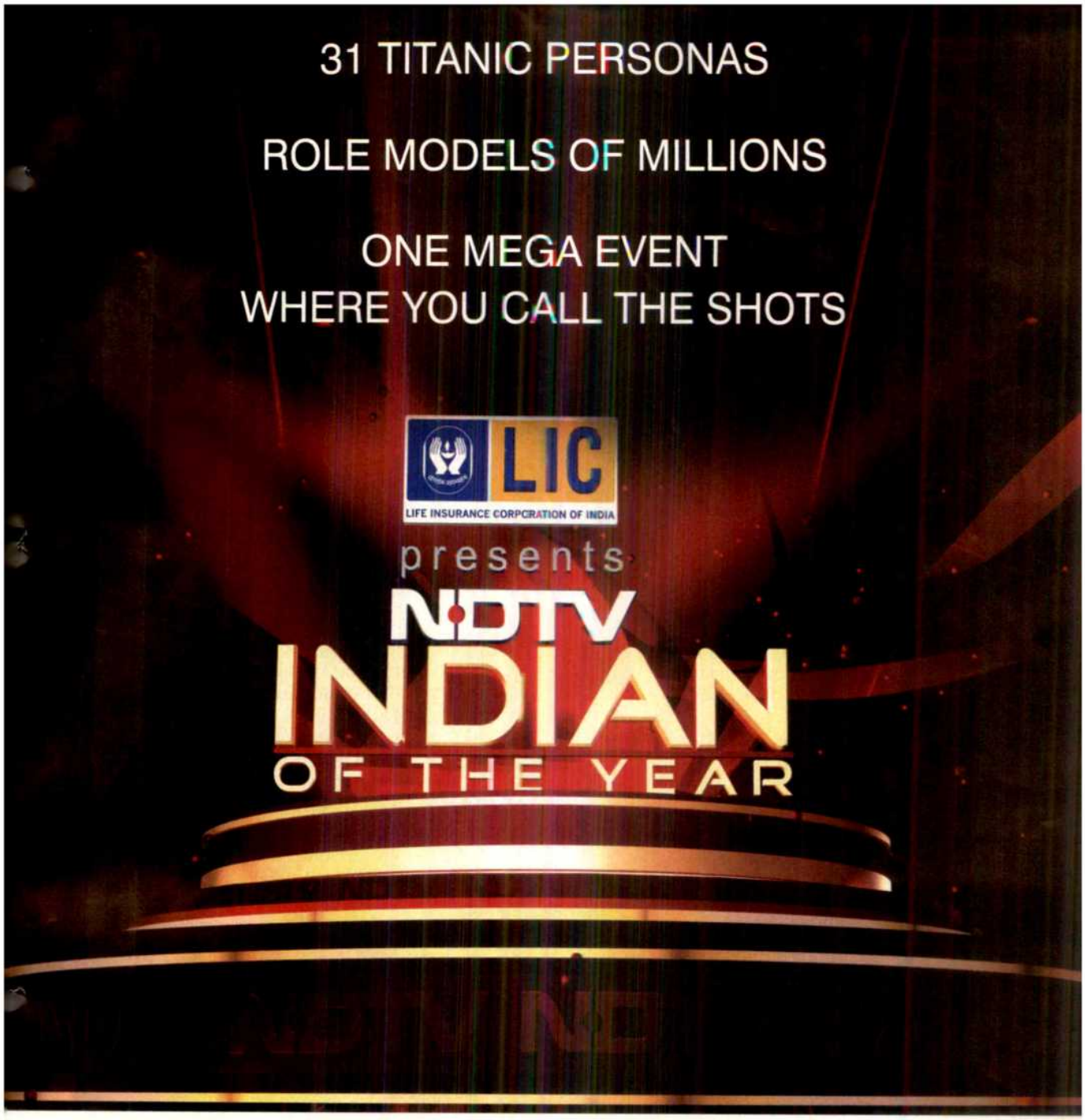
Unitech is building a nine-hole golf course bang in the middle of its housing project. Conceptualised by Greg Norman Design, which has also done the job for JayPee, Unitech Grande community will have its golf course like most apartments have their parks. Grande site is much closer to Delhi, about half-an-hour drive from Connaught Place.

Emaar-MGF has almost completed its 18-hole golf course at Hyderabad and will shortly be launching their golf community — Boulder Hills — comprising villas and apartments.

Besides offering a great lifestyle, golf communities may offer a sound and safe investment opportunity too. In the US, property prices in golf communities have taken the least hit amidst the ongoing housing finance crisis there. According to a study, property prices in golf communities and in the neighbourhood of golf courses are 40 per cent higher than in the other areas. Tee off to that!

Feroz Ahmed

A VIEW FROM ABOVE: The miniature of the proposed Unitech Grande golf community



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PAVILION NOTEBOOKS

Catalyst

Workers' Paradise?

by kenneth rogoff

WILL THE POLITICAL RESURGENCE OF LABOUR unions throw a wrench into the wheels of globalisation? Or will their growing strength serve to make globalisation more sustainable by fostering great equality and fairness?

Unions' rising influence is evident in many recent events: German Chancellor Angela Merkel's controversial deal to raise minimum wages for postal employees; several American presidential candidates' open misgivings about trade and immigration; and the Chinese leadership's nascent concerns about labour standards.

Labour unions' intellectual respectability is being renewed after decades of vilification by economits

Along with their political clout, unions' intellectual respectability is also experiencing a renaissance. After decades of vilification by economists, the union movement is now backed by thought leaders such as Paul Krugman, who argue that stronger unions are needed to counter globalisation's excesses.

The sudden emergence of unions as a political force is particularly surprising in the US, where private-sector union membership has fallen from 25 per cent in 1975 to 8 per cent today. Only the public sector, where the membership rate is 35 per cent, has remained a union bastion. One of my friends from childhood married a union organiser who found it so difficult to land a job in the US that he eventually moved his family to strike-happy Canada.

Today, US political leaders such as Congressman Barney Frank want to bring back unions. But there is good reason to be skeptical. For a relatively poor country like China, real unions could help balance employers' power, bringing quality-of-life benefits that outweigh the growth costs. Factory conditions in parts of China are all too reminiscent of the early twentieth-century, pre-union US.

But, for the US and rich countries in Europe, the argument that stronger unions would bring more benefits than costs is far more dubious. Nowadays, most workers already have legal and statutory rights that cover the basic protections that unions originally fought for a century ago.

Instead, union influence today often promulgates inflexible work practices and flat salary structures that do not adequately reward work effort and skill. It is no surprise that the public sector, where productivity is low and fiscal constraints soft, typically has the greatest union concentration.

Before the modern globalisation era, unions could thrive by organising on a national scale, giving them enormous bargaining power *vis-à-vis* both employers and consumers. Now, after the explosive post-war expansion of global trade, most unions have seen their monopoly power eroded, if not shattered. That is why unions throughout much of the developed world have been fighting so hard to block free-trade negotiations that might erode their position further.

Some of the issues that unions are promoting, such as human rights and environmental quality, are unassailable. When they try to connect these issues with trade, however, their motives become questionable.

A case in point is union lobbying against the US-Colombia free-trade agreement, ratification of which would greatly advance US-Latin American relations. Legitimate questions about how the Colombian government conducted its epic civil war with drug-financed rebels do not trump broader issues. So anti-pact activists have complained that Colombia is anti-union because it does not protect union members from rebel violence. Yet the Colombian government notes that all Colombians suffer from rebel violence — union members actually experience less of it than the rest of the population. Unfortunately, this is repeated across a host of trade issues, including many involving China.

For rich countries, income redistribution is much better handled through taxes and benefits system. The rich today pay so little in taxes in many countries that it would be a big improvement simply to move to a flat tax, with a high exemption level so that lower-income families pay nothing.

For middle-income countries, it is a tougher call. But here, too, increasing workers' legal and statutory rights, while allowing unions to fade away, seems like the right approach.

Unfortunately, we are far more likely to see unions' growing political influence become a major destabilising force in trade and growth, with uncertain consequences. When we see political leaders in many rich countries pander to unions by bashing each other on free trade and immigration, there is every reason to worry about trouble ahead. That is why unions will be one of the main economic wild cards in 2008.

Rogoff is Professor of Economics and Public Policy at Harvard University, formerly chief economist at the IMF.

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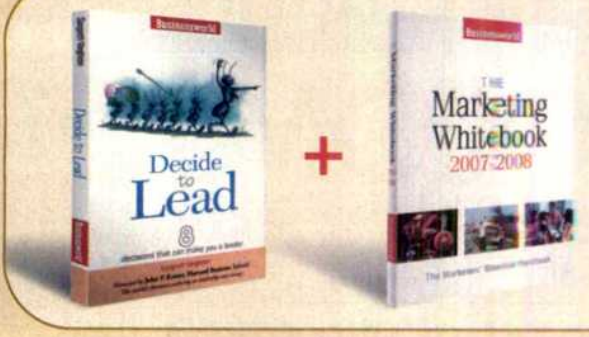

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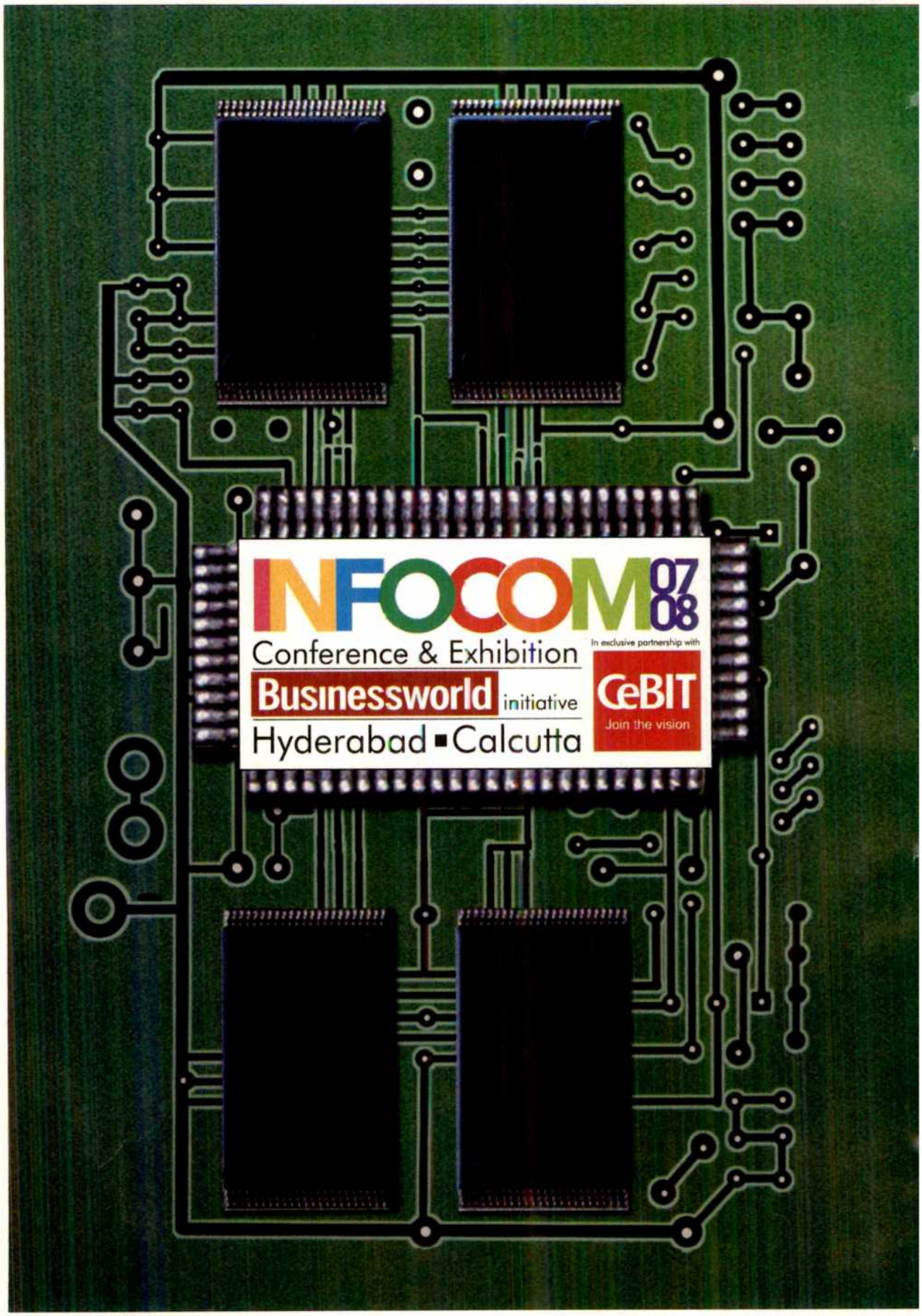
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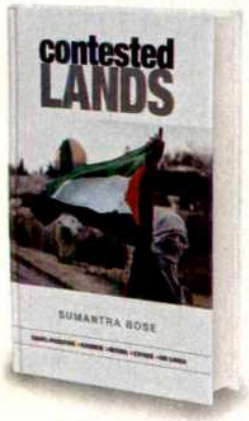


Overcoming Conflicts

by sumati nagrath

CONTESTED LANDS ISRAEL-PALESTINE, KASHMIR, BOSNIA, CYPRUS, SRI LANKA BY SUMANTRA BOSE HARPER COLLINS, PAGES: 329 PRICE: RS 395

'ZERO-SUM' AND 'INTRACTABLE' ARE TWO OF THE three words that appear most frequently in Sumantra Bose's *Contested Lands*. The third is 'peace'. Not surprising, given that Bose's central argument in the book is that while conflicts in Kashmir, Sri Lanka, Bosnia, Cyprus and Israel-Palestine — places where "ethno-national groups have come to see their interests, and frequently, their very existence, in zero-sum terms, as incompatible with those of other groups" — are intractable, they are not insoluble.

The emergence of new ethno-national conflicts has been attributed to several factors. For many, these conflicts are manifestations of atavistic hatreds, stoked by the insecurities resulting from a rapidly globalising and transforming world. Although, says Arjun Appadurai, the senior advisor for Global Initiatives at The New School in New York City, the renewed ethno-nationalisms that have emerged globally and are frequently accompanied by shocking kinds of violence are not are not a simple reaction to globalisation, "they certainly reflect anxieties about immigrants, fears about economic interdependence and concerns about the status of minorities everywhere".

It is this global and contemporary context that shapes the conflicts between ethno-national groups that the book fails to provide. But Bose does a great job of familiarising the uninitiated reader with the historical details of all five conflicts. In all five cases, Bose starts with a discussion of the current situation and moves on to the history of the conflict to end with the history and analysis of the peace processes for the respective conflicts.

While examining the peace processes, Bose highlights the crucial role of third-party engagement, especially in ethno-national conflicts. The role of the third party, he says, can vary from low-key facilitation to direct intervention, such as that of Norway in Sri Lanka, the United Nations in Cyprus and the US in Israel-Palestine. But most of these peace settlements have only been temporary hiatuses in long drawn-out, low intensity conflicts with sporadic bursts of extreme violence. Today, the cease-fire in Sri Lanka is in shambles and the Dayton Settlement in Bosnia continues to be resented by the majority Muslim population.

The answer, Bose argues, lies in understanding the unique histories and ground realities of these conflicts and addressing the deeper chasms, mistrust and insecurities that characterise a certain people. But, he points out, while there may be differences in detail, the essential nature of these conflicts is the same — ethno-national differences and a demand (legitimate or otherwise) for self-determination and autonomy. In fact, this particular concern is so integral to the conflict that "borders forged by war have become or will have to become the basis of peace settlements", says Bose.

This, in the case of Kashmir, would mean the line of control (LOC), "a 742-km de facto border that separates the Indian-controlled and Pakistan-controlled parts of disputed Kashmir". Bose cites the example of the inter-region bus service that started between Srinagar in India and Muzaffarabad in Pakistan in 2005 as a step towards transforming the LOC into a soft border. He sees this kind of cross-border cooperation as an essential for any kind of lasting peace in the region. Of course, the thought is not likely to go down very well with many in India, Pakistan, or with those wanting an independent Kashmir.

This opposition to any kind

SUMANTRA BOSE, is Professor of International and Comparative Politics at the London School of Economics and Political Science. He is a specialist in the politics of sovereignty and self-determination conflicts and devising solutions to such disputes. Bose's expertise spans South Asia and Southeastern Europe. He has published books on Kashmir, Sri Lanka and Bosnia

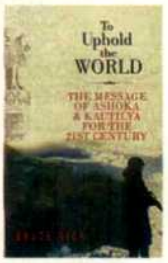
BROWSING
Rakesh Mittal
President and COO, Corbus

I am reading an e-book called 2120: The Extra Degree by SAM PARKER AND MAC ANDERSON. It is on how little difference exists between a great success and just an average one, while emphasising how much effort it takes to get that extra degree of success. I bought it from a website. I read all kinds of books ranging from fiction to management to classics. Most of my friends and former colleagues are readers and I get a lot of recommendations from them. I buy books online or at airport shops while travelling.

of negotiation or 'compromise' is what necessitates a third-party engagement, argues Bose. The other thesis that he puts forth in his book is with respect to the limits and pitfalls of incrementalism as a peace-building strategy. While Bose's arguments are academically sound, at some level, they do not articulate the savage passions that can drive entire populations to perpetrate inhuman acts of violence. As in the case of Sri Lanka, where majority of the discussion centres on the relationship between the Tamil minority, the Liberation of Tigers of Tamil Eelam and the Sri Lankan state, while the Sinhala majority that grants legitimacy to the State's actions remains excluded.

The book provides an entry point into the issue of ethno-national conflict and peace building measures for those who want to acquire a deeper understanding of the same.

SELECTION 1



Ethics For Globalisation

TO UPHOLD THE WORLD
THE MESSAGE OF ASHOKA AND KAUTILYA FOR THE 21ST CENTURY BY BRUCE RICH
PENGUIN VIKING
PAGES: 325; PRICE: RS 495

CAN DEMOCRACY AND FREE MARKET SIT COMFORTable at the same table? The question gains urgency at a time when economic globalisation seems to be slowly marginalising all ideologies except that of profit-maximisation. It gains legitimacy from the belief that more money by itself is emancipatory.

As the hegemonic discourse of free market drives the 21st-century project of globalisation, Bruce Rich looks back in angst at the Ashokan empire for an ideological axis. In the edicts on rock faces and pillars installed by the Buddhist king, Rich finds the metanarrative — a reverence for life — that can, as he says it so grandly, uphold the world. His book, TO UPHOLD THE WORLD examines this grand idea, which can replace the utilitarian ethics of the present turbocapitalism.

Rich says there is a need to found a civil and international order on principles that transcend the goals of pure economic efficiency and amoral realpolitik. The ideology that hedge fund investor George Soros calls 'market fundamentalism' cannot hold up the world as it puts profits before people. The economic liberalisation that feeds on the utopian dream of a self-regulating market system exists in an ethical vacuum.

Rich sets up a dialogue between the Ashokan empire that was based on a reverence for life and the modern globalising world that draws its ideological sustenance from utilitarian greed. What makes Ashoka relevant is that he did not abolish the amoral system set up by his grandfather's advisor Kautilya, but tried to infuse it with his own vision of compassion. Since it worked for the biggest empire of its time, it might just as well work for us.

—Dharminder Kumar

SELECTION 2

Tales From The Desert State

THE BOOK, **BEYOND THE DUNES — JOURNEYS IN RAJASTHAN** is part travelogue and part memoir of author Juhi Sinha's visits to the royal state of Rajasthan over the past 15 years. Having been conditioned by her mother, as a child, to log all her travels, Sinha continues the habit during her years as a freelance journalist and television and film producer, documenting her travels through Rajasthan. This, coupled with her knowledge of topography and history gained while shooting documentaries in the desert state, form the backbone of this book.

Film shoots took Sinha to remote locations in the unexploited and the remotest parts of this most royal of Indian states. Interactions with the rural ballad singers, chance encounters with characters such as Padam Singh, the *rickshaw wallah* who doubles as a bird-watching guide, and Nek Muhammad, the folk singer and his troupe, revealed to her the rather nuanced personality of the state. In very easy-going and conversational prose she narrates experiences in a way that has both elements of reality and fantasy. Budget and time constraints on film shoots, accidents and injuries, monkeys attacking a whole-world-inclusive purse and the necessity to have at least one contact point in the government to get absolutely any work done, in the pre-liberalisation early 1990s' India are all present in good measure.

The book manages to be detailed enough and well paced at the same time to hold the reader's attention, and is indeed 'a must have for the armchair traveller'.

—Manashwi

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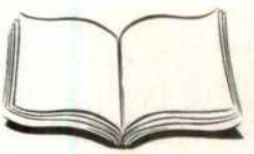

THE PERFECT SCENT: A YEAR INSIDE THE PERFUME INDUSTRY IN PARIS AND NEW YORK
BY CHANDLER BURR
HENRY HOLT & COMPANY
In this fascinating insider's view, Chandler Burr, the *New York Times* perfume critic, describes the perfume industry as "virulently insular" and "archaically secretive". Burr spent a year behind the scenes observing the creation of two very different scents — Hermès' Un Jardin sur le Nil and Coty's Lovely created in partnership with Sarah Jessica Parker. He captures the industry's growing anxieties, pressures and passions that drive the extraordinary personalities who envision and create the perfumes.

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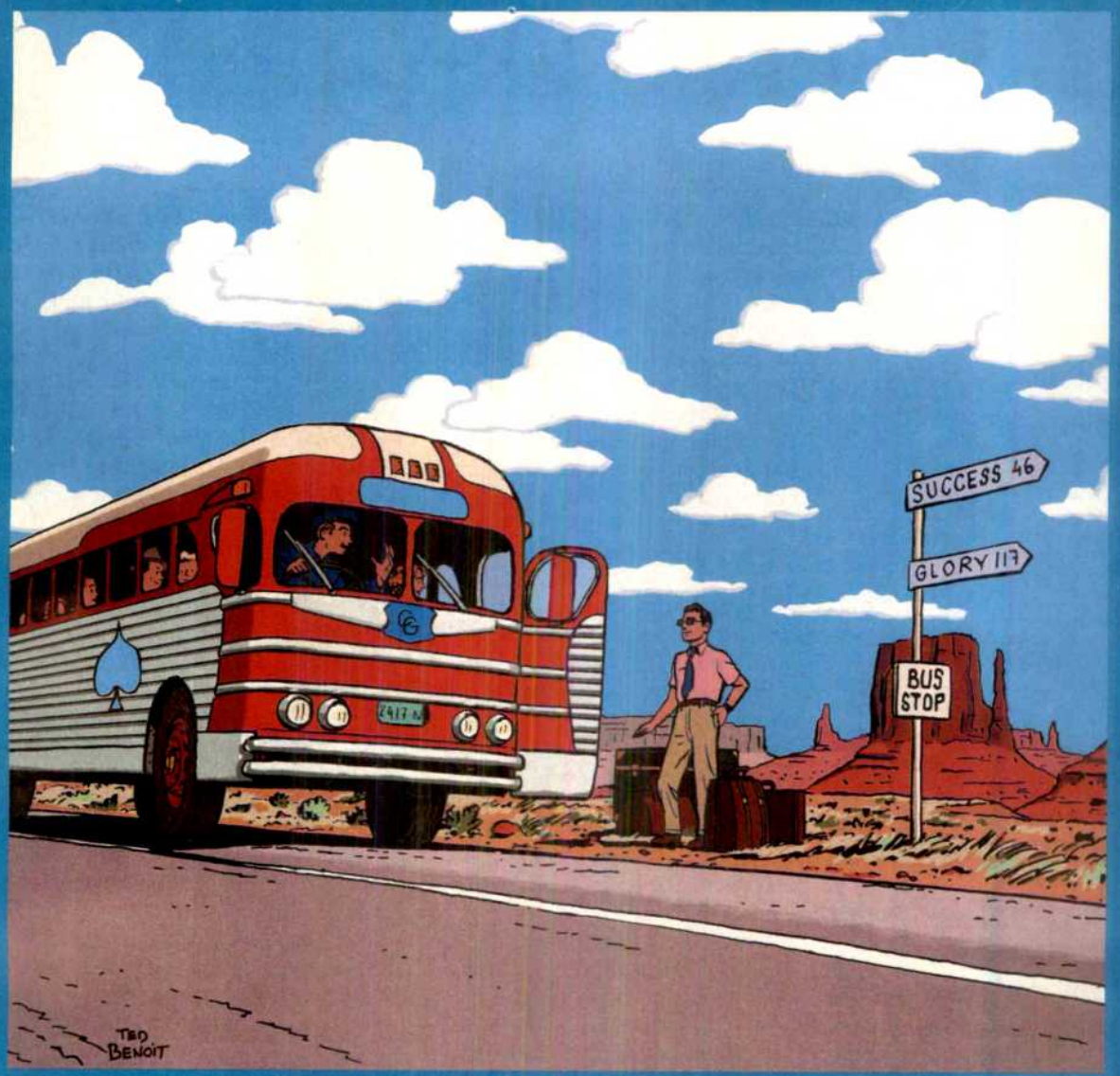

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Has Sense Dawned?

DIGAMBAR KAMAT, GOA'S CHIEF MINISTER, UTTERED what was till now unthinkable — that he was going to withdraw approval of all the special economic zones sanctioned in Goa, and would not allow any to come up. This is blasphemy on two counts. On the major count, special economic zones are a holy cow; all governments in India are supposed to worship them. On a minor count, Kamat does not realise what a legal quagmire he may be stepping into. If he cancels the approval given to an entrepreneur who has already imported equipment and started building the infrastructure of his SEZ, the entrepreneur is likely to fight him tooth and nail — go to court, run to the central government, and make things difficult for Kamat.

BW ARCHIVE

Giving entrepreneurs immediate tax concessions for promises of performance has never worked in the past and will not in SEZs

What is even more surprising is the reaction of Kamal Nath, the minister of commerce and industry, who thought a legal way could be found for Goa to annul its SEZs. Here is the principal cheerleader of SEZs; he now shows himself ready to help Kamat dismantle them. What is going on? What is this country coming to?

What this signifies is that SEZs have lost the support of the Prime Minister. With everyone else, he watched with horror while the West Bengal government invaded Nandigram with armed police and party supporters, unleashed violence and arson, and overwhelmed villagers' resistance to the setting up of an SEZ there. Normally reticent, and always conscious that he owes his elevated position to the Communist Party (Marxist), the Prime Minister nevertheless went so far as to say that governments should treat all their citizens equally. The outrage in West Bengal led the central government to formulate a policy on forced acquisition of land for SEZs and the compensation to be paid for it. But the centre can only make lofty policies; it would never do anything to make states follow the policies.

Weak and belated as the Prime Minister's reaction to SEZs is, it is welcome. But the SEZ policy has already been implemented on such a large scale that it cannot be reversed or abandoned. It is only fair that those entrepreneurs who have got land and made investments on it should be allowed to set up their SEZs. It would also be reasonable to let state governments go ahead with SEZs where there is no resistance on the ground. But when it comes to SEZs not yet started, a rethinking of the policy is imperative.

Such a review must begin from two points: the history of fiscal concessions, and the objective of SEZs. Fiscal concessions to new enterprises have been given since 1951 — principally to enterprises set up in "backward" areas, and to those that promised to export. All those fiscal concessions are known to have created very little production and employment. The government also found it impossible to punish entrepreneurs who took concessions and did not keep their promises to export or took land in backward areas and did not produce anything. SEZs are designed to give fiscal concessions to enterprises that build infrastructure for other enterprises and thereby create islands of development where enterprise would bloom. Like earlier EOUs and EPZs, SEZs also involve the giving of immediate concessions against the promise of future performance. They carry a similar risk of nonperformance, and are best abandoned for that reason.

Getting the private sector to build infrastructure is a good idea, but tax concessions as inducement are not. Governments should close down their public works departments and get all work done on contract. They would then have a choice of competing contractors and get better value at less cost; and they may be able to punish nonperforming contractors, whereas they can never proceed against their own PWD bureaucrats. Governments may also use eminent domain to get land for public infrastructure — no more land than is necessary. What they must not do is to create private enclaves within the country for entrepreneurs to rule.

If this principle were accepted, we would be stuck with the structure of our present governments. The state governments' performance in creating infrastructure has been pitifully weak. But their will can be strengthened by giving them incentives. The central government has experimented with them. For instance, the Planning Commission did persuade states to repair their budgets by writing off their debts and helping them to reduce their debt servicing commitments. So now, the central government should think of a batch of incentives to persuade states to reform their power industries, water supply, and roads.

RETAIL SURPRISE P.48 INDIA'S DANGEROUS NEIGHBOURS P.60

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NANOLUTION

THE HOME STRETCH - PART III

The first in-depth account of how Ratan Tata's dream of a Rs 1-lakh car evolved into the Nano.

Including an exclusive look at Nano prototypes and interviews with the car's creators

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OIL, DOLLARS & INFLATION page 64

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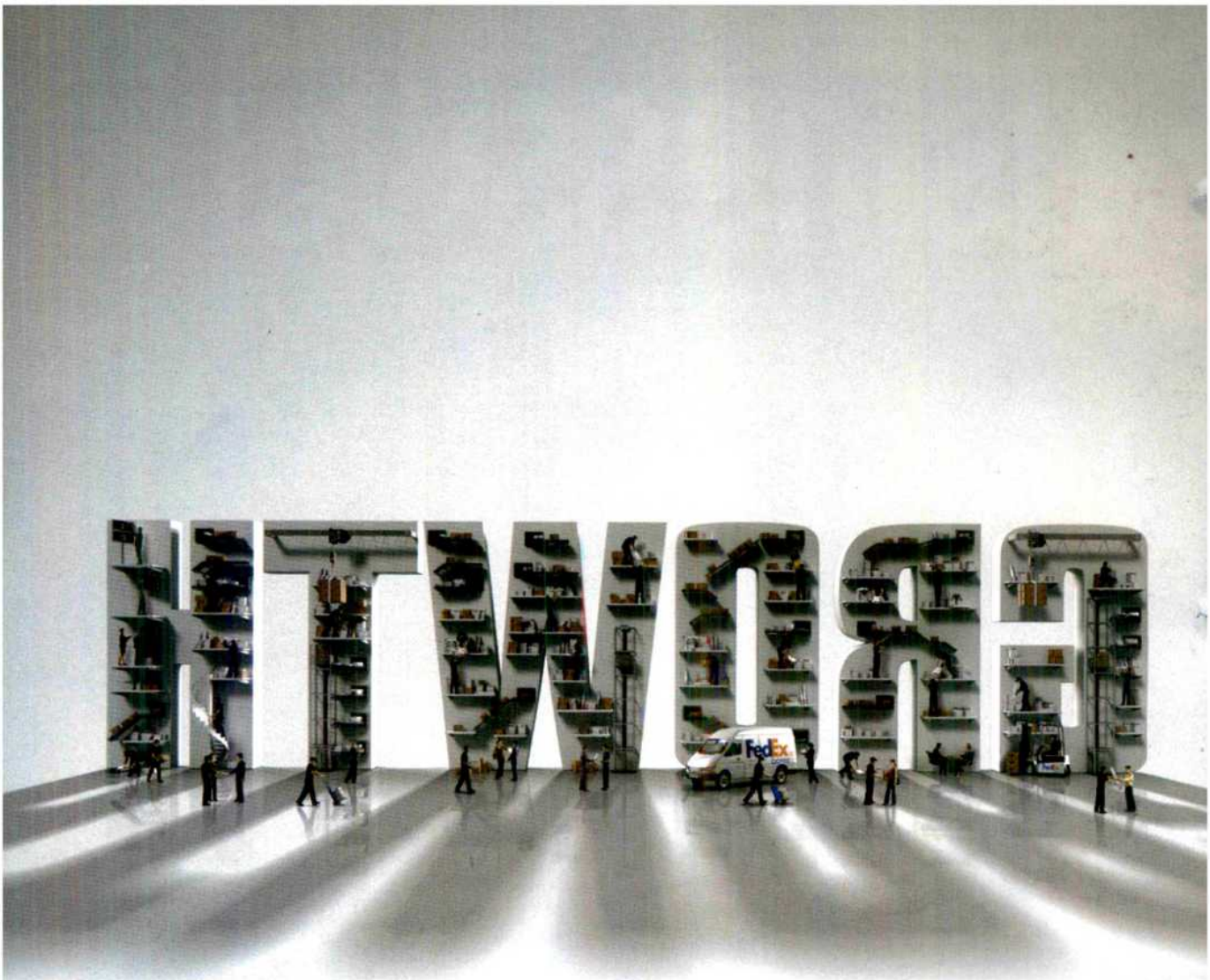

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Bharat Ratan

by jehangir s. pocha, editor

AT A PRESS CONFERENCE TO LAUNCH the Nano, Ratan Tata picked up a leather coaster from his table, fixed with an intense gaze and bent it repeatedly, testing it for strength and flexibility, before setting it down. The incident took ten seconds and went unnoticed. But it revealed Tata's engineer's mind and insatiable curiosity of how things are built, which led him to try the 'impossible' and build a Rs 1-lakh car.

Now, if the Nano becomes a cult vehicle like the Beetle, it's because Tata recognised a fundamental truth — there is no good reason cars should cost what they do. Bill Gates teased Detroit about this, saying a Cadillac would cost $50 if General Motors cut costs and added functionality at the same rate as software firms. That cars cost as much as small houses is because Western auto workers make about $80,000 a year; marketing costs, such as slick showrooms and ad campaigns are about 15 per cent of a car's cost; and vehicles come loaded with superfluous frills.

By departing from these practices Tata and his young team that created the Nano has challenged the world's auto and two-wheeler industries. Both will fight back, through the press and other means. But consumers should applaud Tata for democratising personal transportation and creating the first Indian product to have a global impact. In fact, New Delhi would do well to overlook the politicians posturing for a *Bharat Ratna* and confer the honour on Tata.

Yes, the Nano raises issues of congestion and emissions but these apply to all cars. India must invest in 'clean' cars and public transport. When living in Beijing I never had a car but I can't live a day in Delhi without one.

Here then, is the first detailed story on how Tata's dream became a reality. Senior Editor Dinesh Narayanan went to Tata Motors' Pune plant and spoke with the Nano's designers, executives and vendors to get the inside scoop on the making of the car the world is talking about.

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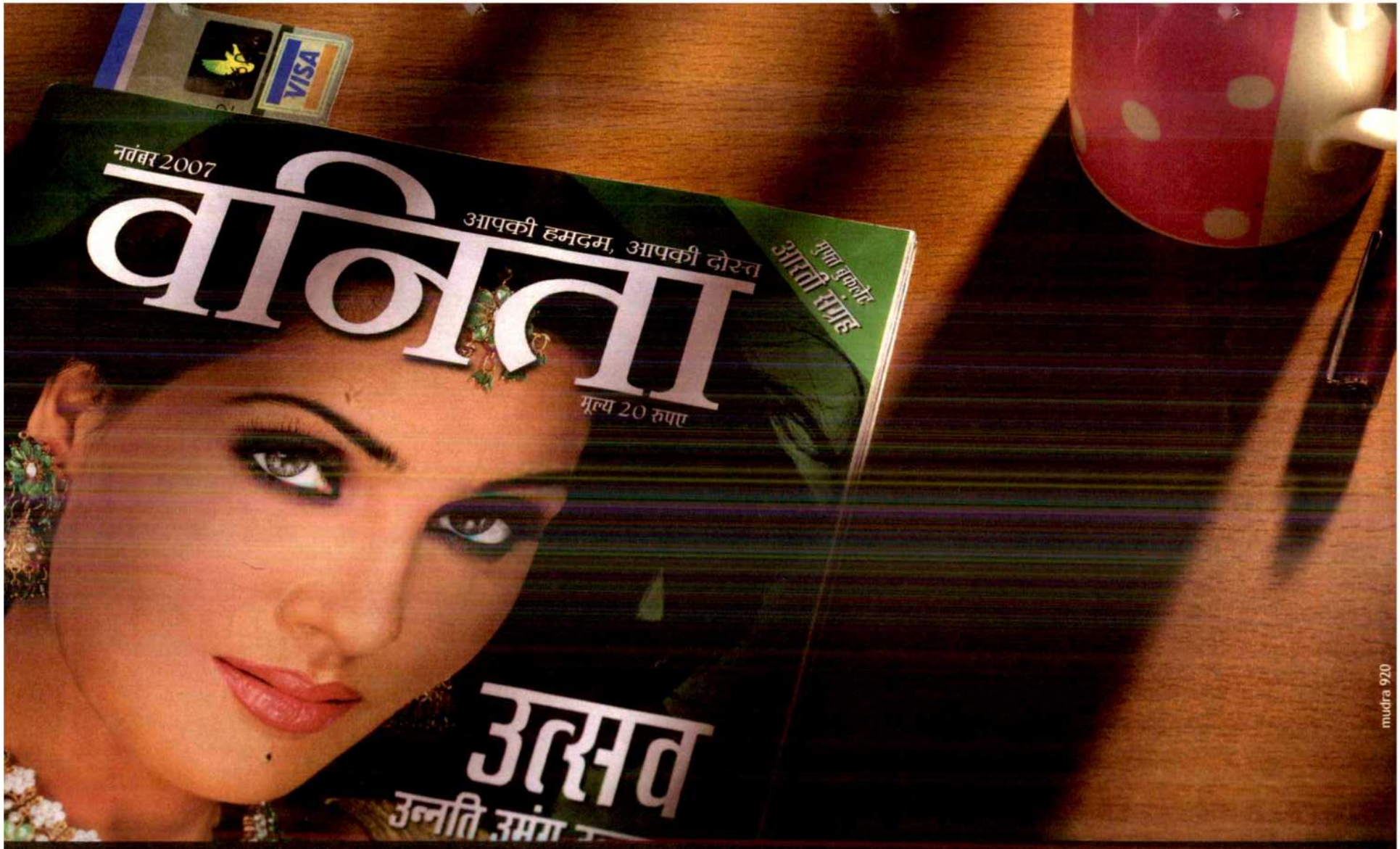

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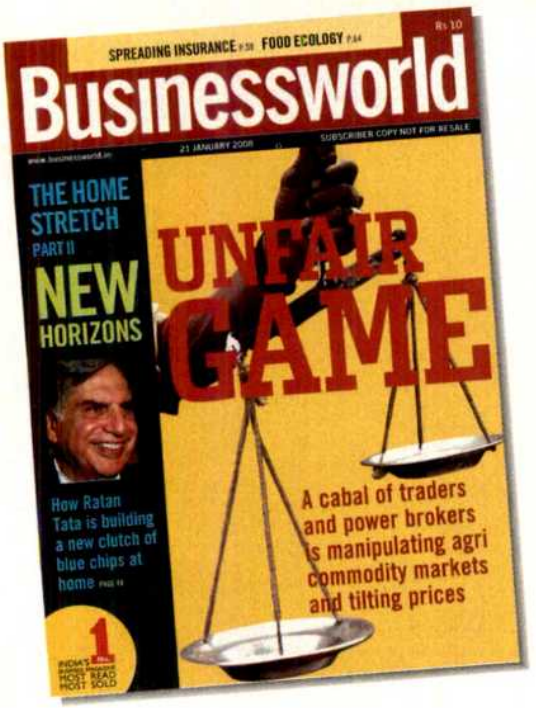

More Players, Greater Scrutiny

Your cover story 'Unfair Game' (*BW*, 21 January 2008) says that speculation is rampant in the commodities market, yet makes a strong case for opening it up to institutional players and doing away with barriers existing today. But, as I see it, markets are all about speculation, and more players will only ensure that manipulators are not effective. While the story talks about a cabal operating in the markets, it doesn't say who they are or even explain how they ramp up prices. And, even if they do, does it harm the farmer or the real user. It rightly points out that problems related to delivery could have been avoided if the exchange management and the FMC had intervened in time. I would be interested to know the Ketan Parekhs and Harshad Mehtas of the commodities markets too.

Ramesh Patel, via e-mail

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Taking The Lead

Carbon emmission ('Quick Take', *BW*, 21 January 2008) is a global problem which requires individual attention. The US might produce 20 times the carbon India produces, so what? If all the nations come together to reduce carbon emissions in their respective countries, the US can be forced to do the same. Why must we always play the 'blame game'? It is high time that we Indians took control of something and made the Earth a safer place to live. Therefore, I strongly believe that India should commit to cutting its carbon emissions even though the US still hasn't.

Arjun Pai, via e-mail

Engineering A Dream

Kudos for profiling Ratan Tata in 'The Home Stretch' (*BW*, 14 Jan 2008). The man first proved that a passenger car can be made in India. He has now proved that India can beat the world in making a car at a world-beating price. No longer can one say that every family owns a car only in the US and Europe. Taking all aspiring Indians into the higher orbit in life than just going abroad in search of greener pastures merits honour.

Sanjay Ranade, via e-mail

In Their Stead

I read, with interest, 'Beat Them In Competition' (*BW*, 14 January 2008). I agree that the Orient Express (OE) response was racist but disagree with the remainder of your commentary. While you imply that Tatas' reaction was intended for psychological gain, I contend that the demand for an apology on the international hospitality stage, as a response from an aggrieved equal in stature, was muted enough to show Indian Hotels as superior beings. Second, beyond a mere 10 per cent stake, a marketing tie-up between Taj and OE would have enabled Taj to spread its brand and quality to various parts of the world.

Michael C. Shindler, via e-mail

Corrigendum

In 'Automobiles Exposed' (*BW*, 14 January 2008) the maker of the hybrid truck has been incorrectly named as Ashok Leyland. It is being launched by Mahindra & Mahindra. The error is regretted.

The letters have been edited for brevity.

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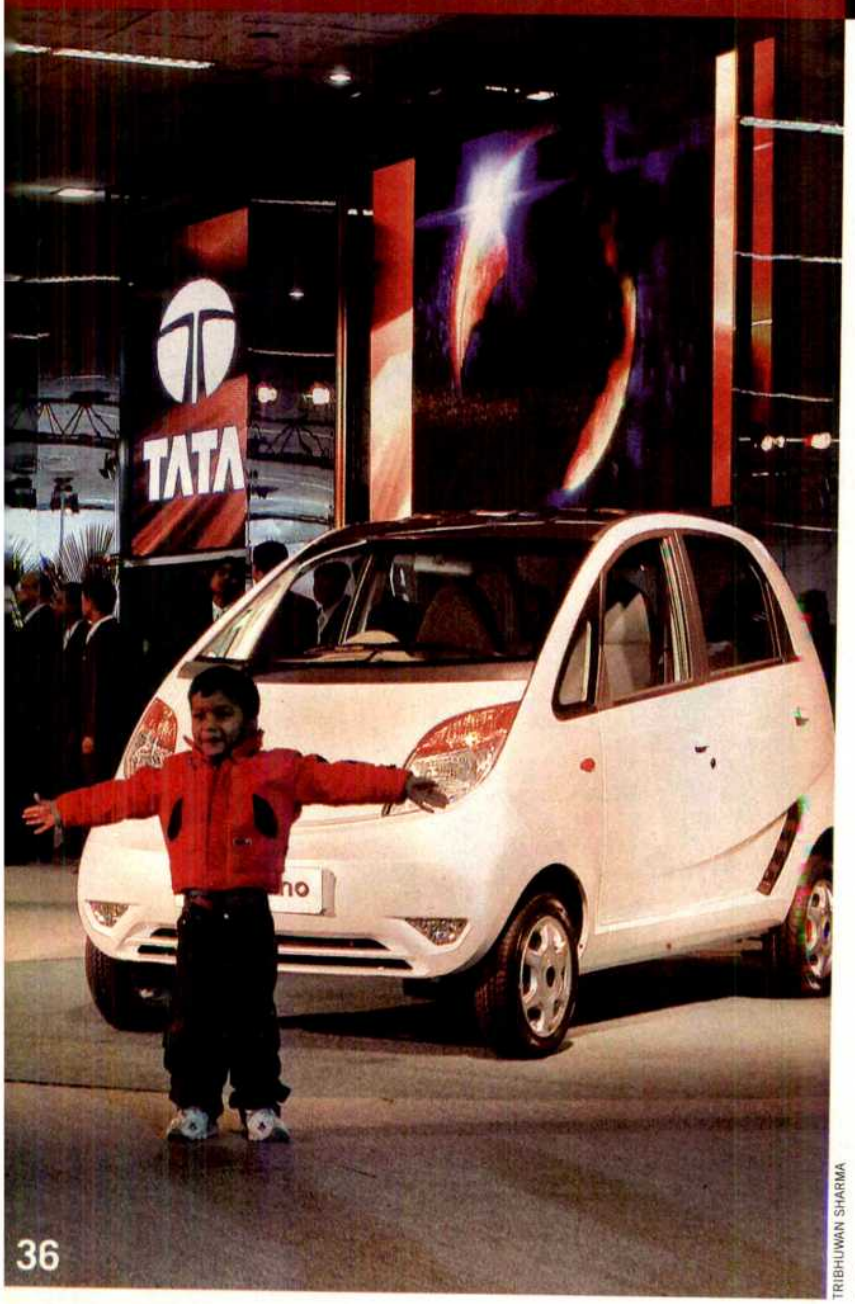

TRIBHUWAN SHARMA

COVER STORY

36 Making Of The Nano

The making of the world's cheapest car was dotted with moments of agonising failure and heady success.

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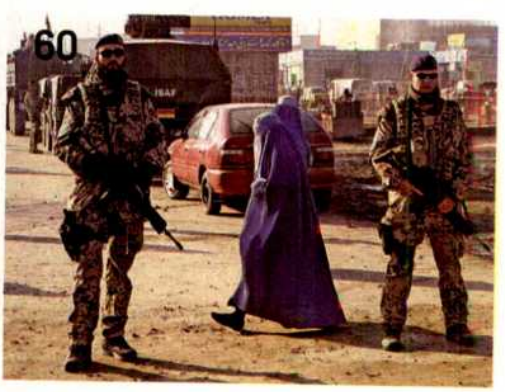

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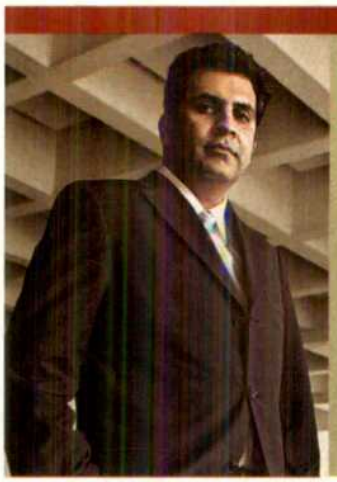

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72 SANJAY CHANDRA
EXECUTIVE DIRECTOR, **UNITECH GROUP**

Realty major Unitech has grabbed the letter of intent to start telecom services. How will it manage the new business and compete with the likes of Bharti Airtel and Reliance Mobile?

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Cover Design by Madhumangal Singh
Photographs courtesy Tata Motors

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WEB EXCLUSIVES

Exotic Exit Clauses
PE deals are like prenuptial contracts – designed to help the fund manager avoid being slaughtered while inside enemy lines. Ranjeev C Dubey mulls finer points.

TechnoCool
Introducing Tushar Kanwar's weekly column on latest gadgets in the market. This week: the Nikon D300.

Total No. of pages including cover: 108

INDIA-CHINA

A New Equation

The two Asian giants no longer need to thrive on mutual suspicion

WARMING UP: Prime Minister Manmohan Singh with his Chinese counterpart Wen Jiabao

IT SEEMS THE INDIAN government has succumbed to the domestic industry's lobby in deciding against a free trade agreement (FTA) with China. In doing so, it seems to be ignoring the benefits of engaging China in trade, and in turn, bringing the world's fastest growing economy to support India on various fronts in the new global order.

If India and China become a club, along with the Association of Southeast Asian Nations (ASEAN), it will be the biggest and most formidable trade block ever.

In the current geopolitical context, if China argues for India on issues ranging from civilian nuclear cooperation to a permanent United Nations Security Council seat, half the battle will be won.

In this context, Prime Minister Manmohan Singh's recent China visit can at best be seen as a baby step towards wiping away the mutual suspicion that has strained relations between the two countries ever since the 1962 war.

New Delhi, as of now, is not even keen on giving China a market economy status, because it would then have to accept the data China provides while fighting anti-dumping disputes. But despite the tariff barriers, two-way trade has more than quintupled to $37 billion in about five years.

In fact, China is set to displace US as India's single largest trade partner.

The fear, if at all, is political, and that too largely because of India's lethargy in beefing up infrastructure along the border areas the way China has done. India must learn to make inroads into difficult terrain and start seeing the gains from opening up.

P. Vaidyanathan Iyer

$3 billion: The projected overall cost of the 2008 US elections, according to *Fortune*

QUOTE OF THE WEEK **"We want to increase our exports next year but the rupee's strengthening is hurting us."**

– H.S. Leem, managing director and CEO, Hyundai Motor India

AUTO

White Sense

Why white has been the most favoured colour at the Auto Expo

MOST CAR MAKERS these days launch new vehicles in red or orange. Sometimes, in scarlet blue or yellow. Luxury vehicles have always been launched in silver or black. Sometimes in pristine white. But at the Auto Expo in New Delhi, the favoured colour was white.

Ratan Tata drove to fame in a white Nano. Dilip Chhabria unveiled his sports car 'S' in white. While showcasing the Cinquecento's successor, the '500', Fiat chose white and the Volkswagen Up! looked stunning in white.

The BMW M3 was white, as were several other cars that the CEOs wanted to be seen with.

Car marketers researching buyers say they have concluded that Indians prefer neutral colours.

Some, for instance, dislike black. Others can't stand red. So, companies such as Tata Motors say they played safe with the white, the most sold colour on the roads.

Others said white enhances the form of small cars, making them appear larger.

This is in sharp contrast to the launch of the Maruti Suzuki's Swift, which didn't launch traditional colours — white and sky blue — in its original colour scheme.

Swifts for the first 12 months came in colours including brass orange, red, golden and bluish grey. The idea was to make the new cars stand out on the roads. Maruti still sticks to its philosophy. Its newest baby, the A Star, was showcased in silver, not white.

Rajeev Dubey

LET THERE BE WHITE: Car marketers feel that Indians prefer neutral colours

Global NEWS

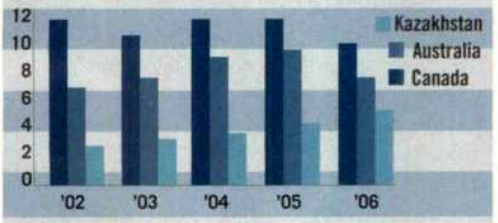
AP

Edmund Hillary: Nepal is to name an airport in the Everest region after pioneering climbers Sir Edmund Hillary, who died on 11 January and Tenzing Norgay. New Zealand's Hillary and Nepal's Norgay climbed the 8,850-metre Everest summit on 29 May 1953. This opened up Nepal as a popular destination for mountain climbing and trekking.

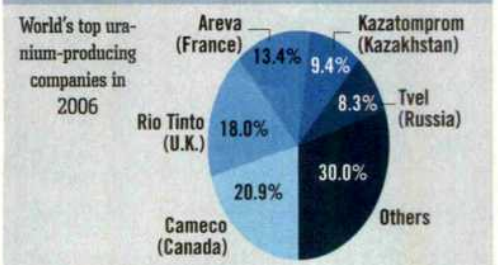
KAZAKHSTAN'S URANIUM OUTPUT

Kazakhstan plans to increase uranium output

Production of the world's top uranium-producing countries



World's top uranium-producing companies in 2006



Source: World Nuclear Association

Bloomberg

INDEX OF INDUSTRIAL PRODUCTION

DISCORDANT SIGNALS

MAINTAINING ITS MONTH-ON-MONTH yo-yo-ing since July 2007, the growth in the index of industrial production (IIP) fell sharply to a 13-month low to 5.3 per cent in November. The indicator had recovered smartly to 11.8 per cent in October. Worst hit is the consumer durables segment, which declined by 4.1 per cent on higher cost of borrowing.

The reasons for the see-sawing in the IIP numbers vary from purely statistical ones such as the base effect of the past year to the possibility of some economic slowing down. The numbers released by the government, however, provide some signs of continuing resilience. The investment driven segment of machinery equipment displayed resistance to high interest rates to grow at 11.2 per cent during the month. Surprisingly, export-oriented industries such as leather products grew spectacularly by 12 per cent during April-November 2007 despite the consistently robust rupee. Still, dangers of a slowdown cannot be written off.

Puja Mehra

TOWERING INFERNO

The devastating fire at the 13-storey Nandaram Market at Kolkata's Burrabazar wholesale market. It took four days for the fire brigade and the Army to douse the fire, which started on 11 January. Unofficial reports said at least 4,000 shops were destroyed. The Kolkata Municipal Corporation said the building had sanction only for five floors.

RELIANCE INDUSTRIES

Alternative Move

BLOOMBERG

The new technology could reap rich dividends for RIL

IT MAKES SENSE FOR countries such as India and China, which are big importers of crude oil, to look at alternate energy sources. Especially, when they have vast coal reserves and oil prices have skyrocketed to $100 a barrel. Reliance Industries has now proposed to invest $8 billion to convert coal into oil and has sought coal blocks from the government.

"The quality of coal available in India is perfect for such a technology," says V.V. Desai, former energy advisor to the Asian Development Bank. The cost, too, is comparatively lower.

State-owned Coal India has been working on getting this technology since 2000. South Africa's Sasol, the pioneer in this field, had proposed to develop a plant in India in 2006, when oil prices were about $60 a barrel.

M. Rajendran

BIRD FLU

AP

The scare is back

BIRD FLU IS BACK IN INDIA. THE LATEST outbreak is in West Bengal's Margram village, where about 20,000 chickens and other poultry have died over the past two weeks. The government has confirmed this is due to the deadly H5N1 virus. This is the country's third outbreak since 2006. The first two were reported in Maharashtra and Gujarat in February 2006 and in Manipur in August 2007. Since 2003, more than 200 people have died due to the avian flu.

Reality Check

Social kissing is more hygienic than shaking hands, according to a new study by International Scientific Forum on Home Hygiene, London.

Green WINDOWS

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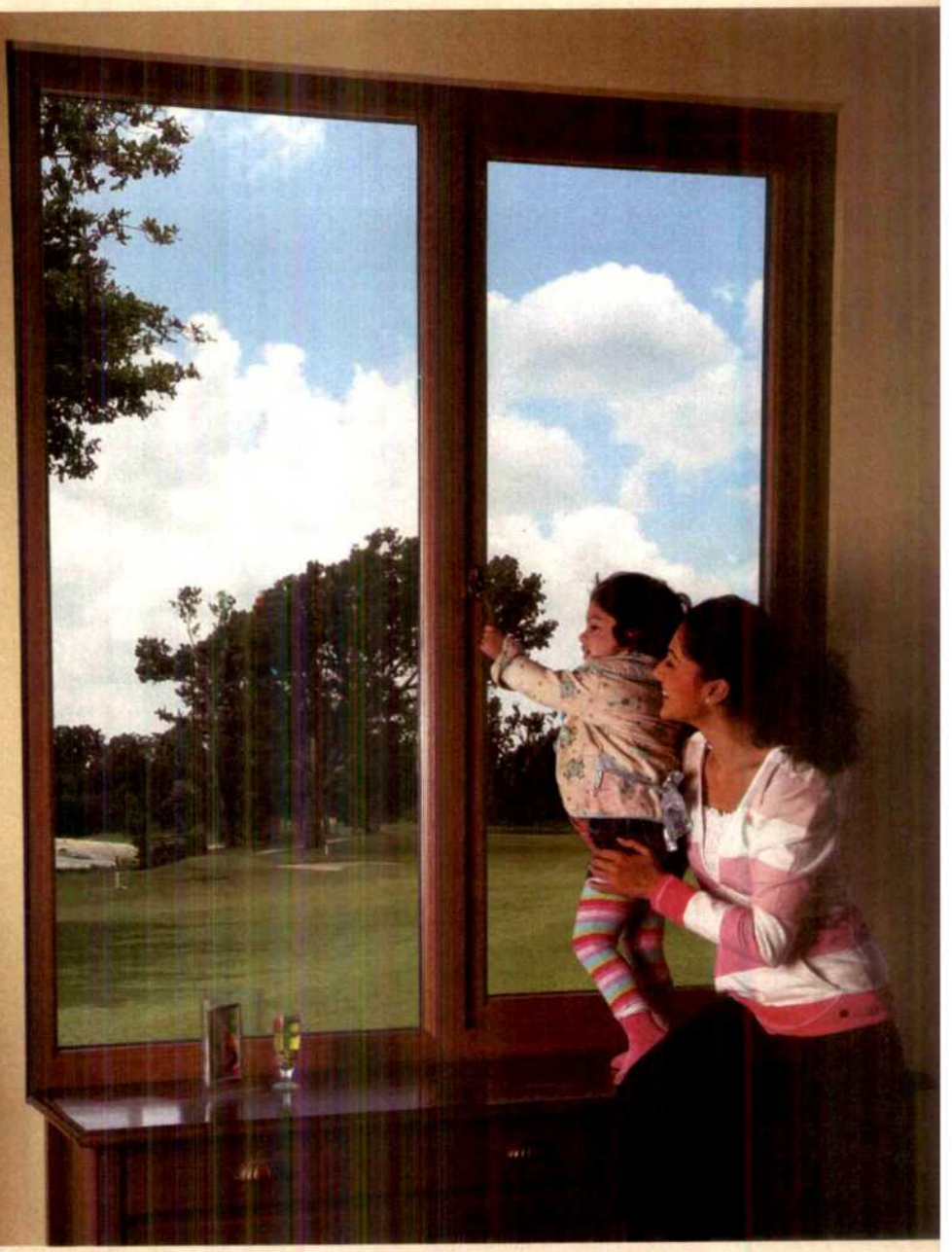
How to prevent the invasion of rain, wind, noise, dust and pollution



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POLITICS

MOVERS AND SHAKERS

AIADMK CHIEF J. Jayalalithaa had no qualms in hosting Bhartiya Janata Party's Narendra Modi to a lavish *Pongal* lunch to celebrate his recent landslide victory in Gujarat assembly elections.

Just four years back, she snapped her party's ties with the saffron brigade, which was routed in Lok Sabha polls in Tamil Nadu.

Both denied an alliance was in the making again. Well, Modi did not fly over

AP

to Chennai just to savour 45 different *madrasi* items hosted by the former CM.

Jayalalithaa is clearly preparing herself with general elections round the corner, and threat from unexpected quarters like Mayawati's Bahujan Samaj Party.

After conquering UP, Mayawati is aggressively moving to southern India, to exploit the Dravidian rivalry. She can spring a surprise in Tamil Nadu through a strategy of fielding an ideal mix of Dalit and upper caste candidates, just the way she did in UP.

In politics, there is nothing called a broken marriage. And one-night stands are not at all taboo.

P. Vaidyanathan Iyer

TOP 10 LISTINGS

TOP 10 CHINESE CAR MAKERS IN 2007

1	FAW-Volkswagen Automobile Company
2	Shanghai Volkswagen Automotive Company
3	Shanghai General Motors Company
4	Chery Automobile Company
5	Sichuan FAW Toyota Motor Company
6	Dongfeng Nissan Passenger Vehicle Company
7	Guangzhou Honda Automobile Company
8	Geely Holdings Group Company
9	Changan Ford Mazda Automobile Company
10	Dongfeng Peugeot Citroen Automobile Company

Source: China Association of Automobile Manufacturers

ICICI Bank denies media reports saying there will be a cut in interest rates

HOME LOANS

Nothing To Cheer About

PROSPECTIVE HOME buyers rejoiced when ICICI Bank MD and CEO K.V. Kamat recently said interest rates on home loans were likely to drop in the coming fiscal. After all, ICICI Bank is the largest private sector bank having lent Rs 70,000 crore in mortgages.

But when media splashed the news, the bank officially said Kamat's statement was mis-interpreted. Its top brass quickly worked out a damage control strategy. "All he said was that rates may not rise any further," says V. Vaidyanathan, the bank's executive director of retail banking. Rates will depend on how the cost of funds of the banking system plays itself out over the next few quarters. "Hopefully the rates won't go up in the near future; right now the priority is to ride out the March effect, when rates tend to go up."

SUBHABRATA DAS

Was the collective amnesia of the media caused by wishful thinking? For builders, the denial comes as a rude shock. They were banking on lower interest rates to regenerate interest in property buying.

Gurbir Singh

$4 trillion. The value of the UK housing sector in 2007, according to Halifax.

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CEMENT

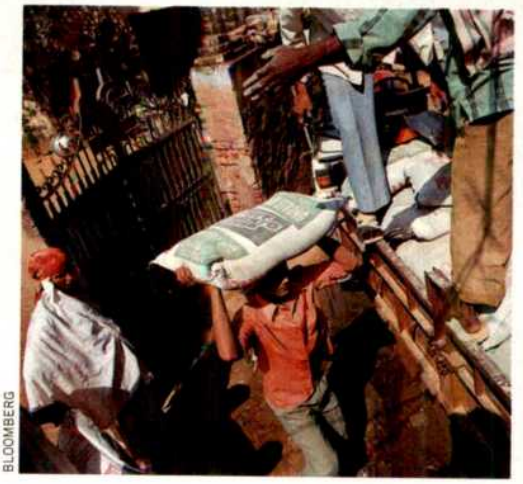
Cost Pressure

The TN government has forced cement companies to slash prices

STATES OFTEN CLAIM that they intervene in the marketplace for the common man. However, in most cases, their actions hardly serve any public purpose.

The Tamil Nadu government recently threatened to take over cement companies if they did not cut prices. It surely managed an assurance of subsidised supplies, but the move may not actually benefit consumers.

Cement prices in Tamil Nadu shot up because consumption has grown by 16 per cent in the state compared to an average 10 per cent nationally. Clearly, it's the demand-supply scenario that has pushed up the prices.



BLOOMBERG

GOING NOWHERE: The government's subsidised cement may not reach the needy

Cement companies agreed to give 2 million bags of blended cement every month in all districts at a 'subsidised price' of Rs 200 per bag, one-sixth lower than the open market price of about Rs 240.

They also agreed to supply1.4 million bags to state-run Tamil Nadu Cements Corporation at a "concessional price" of Rs 230 per bag.

In effect, cement has three different prices in Tamil Nadu.

In their offer, the companies said the subsidised cement would be made available only to the economically weak and the lower middle class.

Moreover, it will only be "delivered at the doorsteps" of such consumers and that too against permits issued by "appropriate officials" in each district.

Given the woeful delivery record of government subsidies, it is anybody's guess who will benefit.

M. Allirajan

STATE BANK OF INDIA

Trying A Tricky Option

While the ESOPs will reward productivity, it can also backfire

SO MUCH SO FOR STAFF rationalisation and attrition. This week, the State Bank of India announced that it would offer its employees stock options — presumably on the basis of performance — across the board.

It is a novel idea for a bank; as more foreign banks enter the Indian markets post-2009, it will be a good way to retain good, talented managers and staff.

BLOOMBERG

REWARDING TALENT: Stock options will help retain talented staff

The wedge of middle managers is slated to thin very quickly across the industry, especially since there will be a mushrooming of financial services companies in coming years.

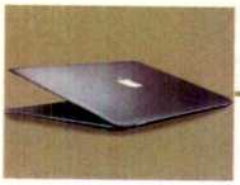
But what if the move backfires? Several employess may simply stay and not take a golden handshake because of the lure of stock options. Rewarding productivity versus loyalty: what a trade-off!

Srikanth Srinivas

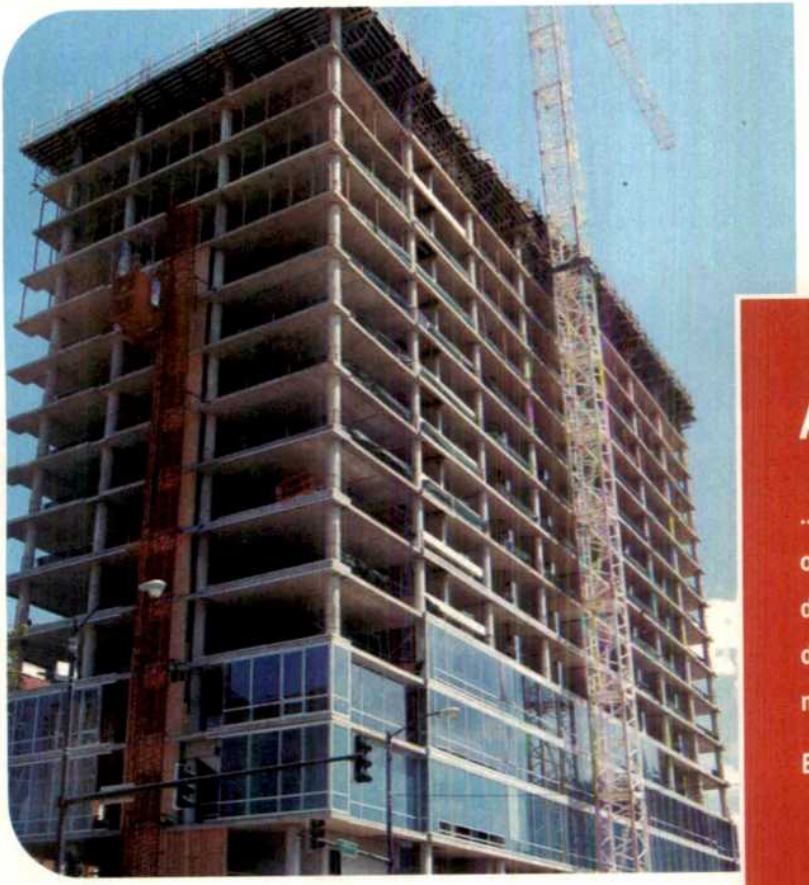
This week's **SHOTS**

BLOOMBERG

Acting tough: China is cracking down on its unscrupulous coal mines, which are virtual death traps for miners. The government has so far closed down 11,000 small coal mines and another 11,000 are slated to be shut down.



Apple's recently launched Macbook Air is the thinnest laptop in the world.



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HCL does a Nano

HCL Infosystems plans to increase its share in India's bulging laptop market with its latest model, MiLeap X. Priced at Rs 13,990, this is the cheapest model in the world, the company claims.

The Indian market, which is dominated by Hewlett-Packard, Lenovo, Acer Inc, sold 980,000 units in third quarter, almost double from an year ago, according to IT research firm IDC.

IDBI's insurance debut

IDBI Fortis Life Insurance Co., the life insurance company co-promoted by IDBI Bank, will launch two insurance products by the end of this month. The bank will also look at mutual funds and private equity funds, for which talks are already on. IDBI has 48 per cent stake in IDBI Fortis Life Insurance Co., while the other two partners, Federal Bank and Netherlands' Fortis Insurance International, hold 26 per cent each.

Star India enters a new platform

Star India and DEN Digital Entertainment Networks have formed a joint venture to create a platform for distributing television channels in India via all fixed networks including cable, DTH and IPTV. The 50:50 joint venture will be headquartered in Mumbai.

It will be an exclusive distributor for Star India for all channels distributed domestically by Star India. It will also seek to expand its bouquet offerings by including other third party channels for distribution.

GEECL's public issue

The first Indian company to be listed on the Alternative Investment Market of the London Stock Exchange, Great Eastern Energy Corporation (GEECL), is planning a public issue by end-2008. GEECL is a Y.K. Modi group promoted oil and gas exploration company.

Merrill Lynch redeems losses

Merrill Lynch & Co., the US bank battered by sub-prime mortgages losses, raised $6.6 billion by selling preferred shares to a group, including the Korean Investment Corp., Kuwaiti Investment Authority and Japan's Mizuho Financial Group Inc.

Merrill is raising money after $8.4 billion of writedowns on US mortgage investments led to the biggest loss in its 93-year history in the third quarter.

DEALTRACKER

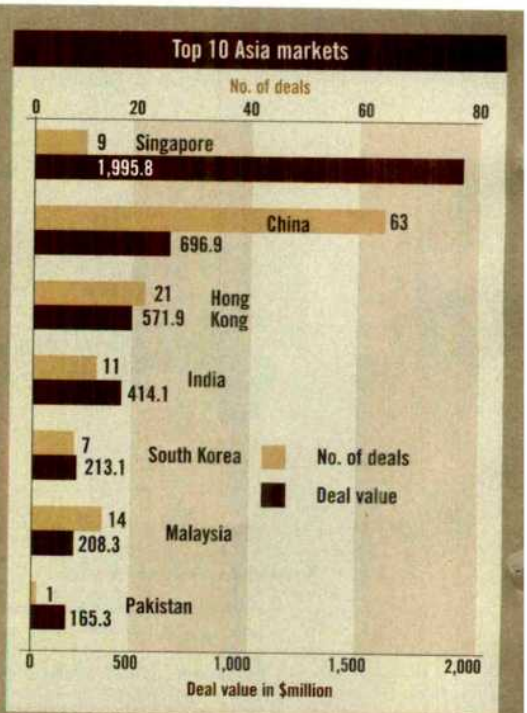
BW-THOMSON FINANCIAL M&A TRACKER

January In the first two weeks of 208, the Asian M&A market saw 138 deals worth $4.52 billion as on 14 January 2008. Singapore emerged as the largest market in the region with 9 deals worth $1.99 billion.

Top India deals

TARGET	TARGET NATION	ACQUIRER	ACQUIRER NATION	DEAL SIZE ($M)
Indiabulls Re Co., Indiabulls Properties	India	Indiabulls Ppty Invest Trust	Singapore	223.11
InterGlobe Technology Quotient	India	Investor group	UK	140.00
Planet M	India	Videocon Industries	India	51.00
Brightest Circle Jewellery	India	Gitanjali Gems	India	NA
Parekh Distributors	India	Investor group	India	NA
Alved Pharma & Foods	India	ICICI Venture Funds Mgmt Co.	India	NA
Neokolor GbR-neodelight.com	Germany	7Seas Technologies	India	NA
Jaipur Stock Exchange	India	Mefcom Capital Markets	India	NA
G.R. Grafica Ricerca Design	Italy	Mahindra & Mahindra	India	NA
Unicom Seeds	India	Advanta India	India	NA

Figures for 1-12 January 2008



Figures for 1-14 January 2008

AMIT VERMA

M&M's Egypt sojourn

Mahindra & Mahindra has started exporting Scorpio to Egypt, extending the global presence of the brand ahead of its US launch next year.

Mahindra, which has a joint venture with Renault to make the no-frills Logan sedan in India, is for the first time exporting completely knocked down units of the Scorpio sport utility vehicle to Egypt's Bavarian Auto Group.

The Scorpio, which is scheduled for launch in the US in 2009, is also being exported to markets in Europe, Africa, the Middle East, South America and Australia.

ICICI's new venture

ICICI Ventures, the private equity arm of ICICI Bank, has launched a separate company, which aims to invest $250 million in the healthcare sector.

ICICI Ventures has put $80 million as equity in the unit, I-Ven Medicare, and a foreign partner will invest an equal amount soon.

The unit will also raise $90 million in debt and has committed investments worth $62-million in healthcare projects in southern and eastern India.

IndyMac Bancorp's downsizing

To tide over the subprime crisis, US mortgage lender IndyMac Bancorp is downsizing.

The company has announced it is going to cut workforce by 24 per cent, laying off 2,403 employees. The cuts include a significant reduction in temporary sales staff, mainly in India.

"This action is clearly painful, but it is necessary in our drive to return IndyMac to profitability soon," IndyMac's CEO Michael W. Perry said in a memo to employees. IndyMac Bancorp expects to save $136 million in costs annually.

BLOOMBERG

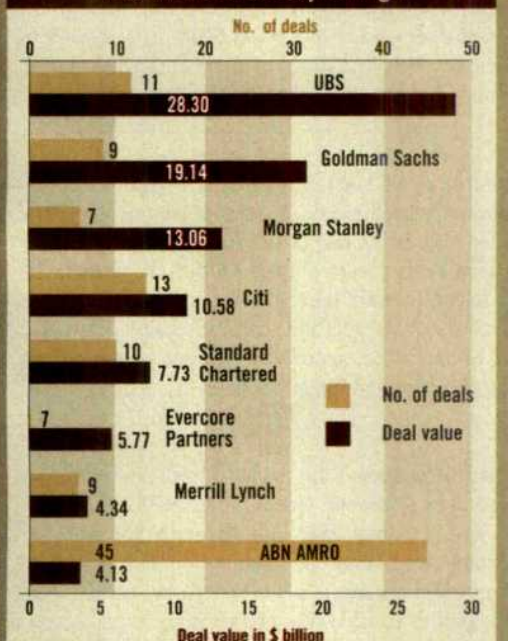
Vedanta's ambitious expansion

Vedanta Resources, India's largest copper and zinc producer, plans to build a 5-million-tonne-a-year steel plant to tap rising demand in the world's second-fastest growing major economy.

The plant, to be built by 2013, may be located in India's eastern states of Orissa or Jharkhand. Vedanta will invest the money and bring in a partner to build the mill.

Vedanta has an accord with Orissa's government for a steel venture and the state is the 'first choice' for the proposed project.

Indian financial advisory rankings



Figures for 1-14 January 2008

Top Asia deals

TARGET	TARGET NATION	ACQUIRER	ACQUIRER NATION	DEAL SIZE ($M)
Straits Trading Co.	Singapore	Cairns	Singapore	1004.99
Ascott Group	Singapore	CapitaLand	Singapore	647.81
Healthway Medical Services	Singapore	SNF Corp.	Singapore	283.95
Pope & Talbot Inc-Pulp Mills	Canada	Sinar Mas Group	Indonesia	225.00
Indiabulls Re Co., Indiabulls Properties	India	Indiabulls Ppty Invest Trust	Singapore	223.11
Tyler Resources	Canada	JNMC	China	212.52
Saudi Pak Commercial Bank	Pakistan	Investor Group	Oman	165.31
AppTec Laboratory Services	US	WuXi PharmaTech (Cayman)	China	162.70
PacificMas	Malaysia	OSPL Holdings	Malaysia	160.54
Zhuhai Gree Group Financial Co.	China	Gree Electric Appliances	China	158.54

Figures for 1-12 January 2008

Figures are based on ultimate parentage, meaning that an M&A deal carried out by a unit abroad will still be counted as that of the home country, provided the overseas unit is majority owned by the parent. Deal value is the total value of the consideration paid by the acquirer, excluding fees and expenses but including liabilities assumed. If theacquirer is buying 100% of a non-financial company from a currently-held percentage of less than 50%, deal value is calculated by subtracting the value of any liabilities assumed by the acquirer and adding the target's net debt. US dollar equivalents are computed using the exchange rate at the time of the deal's announced date. League tables are credited proportionately among financial advisors involved in a deal whether the firm participated as target or acquirer financial advisor.

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Quick Take

Should the state intervene on behalf of the private sector in land acquisition matters?

We asked... Radhika Menon, Lecturer, Delhi Univ., Mohan Guruswamy, Chr, Centre for Policy Alternatives, R. Chandramouli, Sr VP, Sales, TVS Motors, Seema Arora, Head, CII-ITC Centre of Excellence for Sustainable Development, Arvind Saxena, VP, Sales and Marketing, Hyundai Motors, Amita V. Joseph, Legal Advisor, Business and Community Foundation, Parth J. Shah, Dir., Centre for Civil Society, Srickant Rajagopal, AVP, SSKI Corp Fin and Investment Banking, Shashanka Bhide, Sr Fellow, NCAER, Pawan Gulani, Mgr of Strategy, Reliance Retail, Manish Baghla, Sr Mgr, PwC, Yezdi Nagporewalla, Director, Auto, KPMG

"Companies make huge commitments in such projects and need the government's support."

Arvind Saxena, VP, Sales and Marketing, Hyundai Motors

"The government does not need to act as a real-estate broker for the private sector."

Parth J. Shah, Director, Centre for Civil Society

"The government has a key role, but it does not absolve the industry of its responsibilities."

Seema Arora, Head, CII-ITC Centre of Excellence for Sustainable Devt

Yes 42%

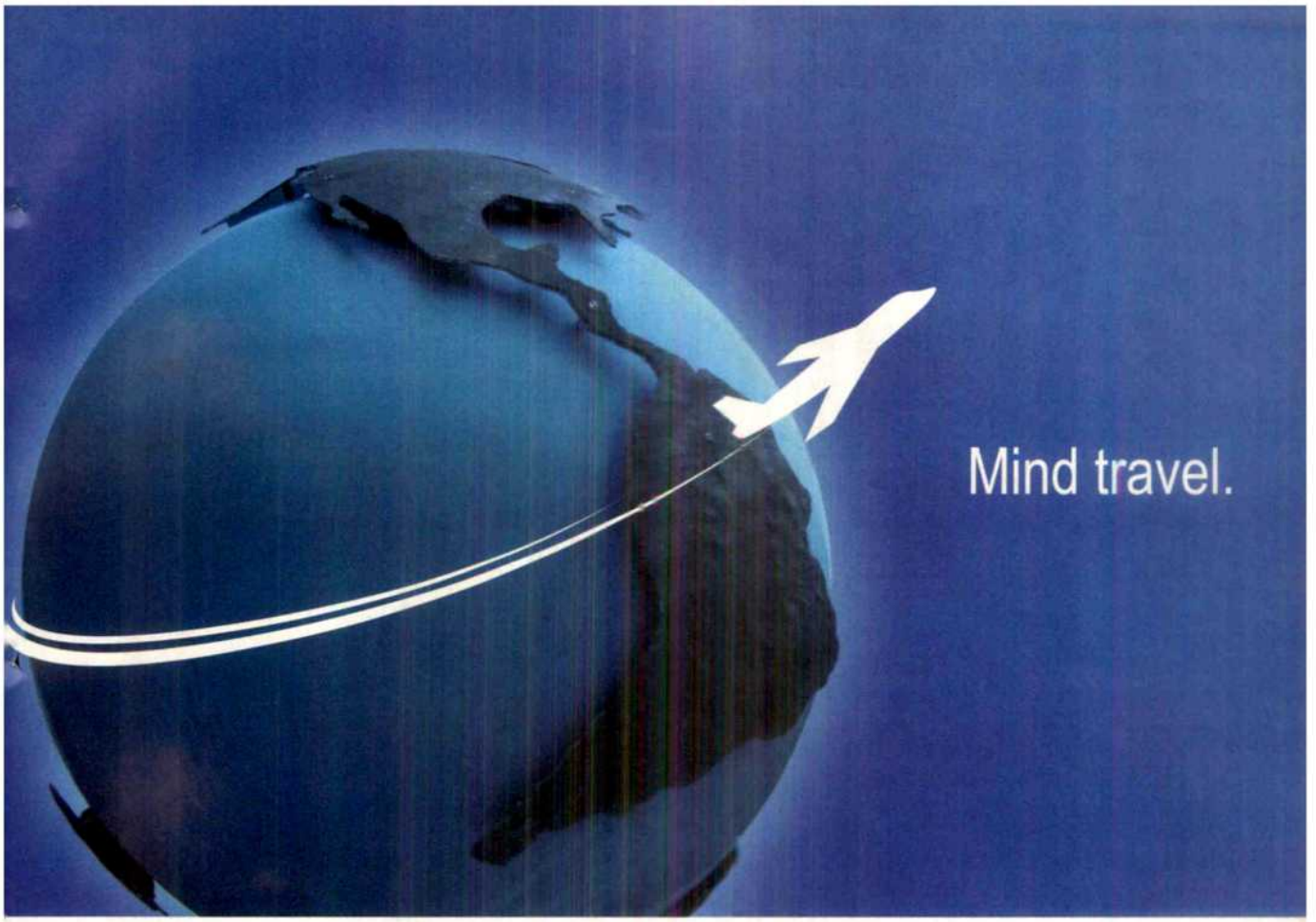
YES BECAUSE: While it is important to protect the rights of small landowners, it is equally important to realise the nature of the commitment made by private players in setting up large industrial units. Companies commit large amounts of resources other than money for which the market price may not be justified. In view of this, some respondents felt that government intervention becomes a necessity as the market can't always be trusted to deliver a price that is fair to both the parties. Also, there could be cases where a clutch of land owners refuse to let go of their land at any price. Such matters can't be resolved without the state coming into the picture. Some also felt that it would be unreasonable to undermine the role of the government as land is ultimately the state's property.

No 42%

NO BECAUSE: Over the past year, land acquisition has been at the root of several controversies in India. Be it Nandigram or Singur, these examples were the consequence of land acquisition gone awry. The one thread that binds these incidents together is the role of the state in helping private players acquire the land under question. Some of our respondents were of the view that the government does not need to act as a mediator on behalf of the industry. Instead, it should play a relatively passive, yet proactive, role by creating a suitable regulatory framework to protect the rights of small landowners, which can be done only if there is unambiguous titling of land. Also, specific areas must be designated for industrial use to ensure that there is no overlapping of arable and industrial land.

Maybe 16%

MAYBE BECAUSE: Another view was that the state and the market's roles are interdependent, and if either is considered in isolation, it would become irrelevant. Hence, the state's role as an aggregator becomes crucial. Likewise, the market, too, can't be done away with, assuming the state would fix a price fair to both the parties. It should be considered as an open auction where the state is the auctioneer who ensures that whatever the price the market arrives at is fair to both the parties. Also, there would likely be discrepancies in how fair both the parties consider the market price to be. Again, it would be up to the state to settle such differences. So, while the state's role is indispensable, it should be such that it protects the interests of both the parties rather than acting as a broker for the industry.



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Private Equity And All That

by ashok v. desai

THE STOCK MARKET EXPERIENCED A DREAM run in the past year. I repeatedly expected a reversal and was proved wrong. The bull run went on and on.

Rising prices signify that demand is outrunning supply. A rising market is just right for fresh issues. And new issues have not been negligible. According to Grant Thornton, initial public issues raised $8.5 billion (Rs 342 billion) in 2007; other public issues raised $2.7 billion (Rs 109 billion) — a total of $11.2 billion (Rs 450 billion). But placements with qualified institutional investors amounted to $5.9 billion (Rs 234 billion) — almost half of what was raised in the market.

What is the difference between public issues and placements with institutions? The difference is that public issues have to follow Sebi's rules, while institutional placements do not. Amongst those rules are rules of issue rationing; if these are followed, at least half of the public issues will be made to qualified institutions. So the difference is between selling half the securities to qualified institutions and selling all. Obviously, many issuers prefer to bypass Sebi and place securities directly with qualified institutions.

Sebi and Reserve Bank have made a thriving business out of thwarting the rational impulses of investors

Why? First, because it enables them to avoid all the costs and rituals — filing, advertisements, proportional allotments, etc. —that Sebi prescribes. Second, because it enables them to avoid the underpricing of shares issued to retail investors that Sebi, the passionate populist, forces on them. And finally, it enables them to issue shares to qualified institutions in chunks the institutions prefer. Institutions do not buy shares to keep them forever; they buy them to resell them at a profit. After looking at the companies' performance and profits, they form an idea of when they will sell their shares. They invest on the basis of expectations. When the expectations are fulfilled, institutions unload the shares. When companies decide to make an issue, they are tending increasingly to reach a bargain with qualified institutions, and to bypass the retail investor altogether.

But as much money as was raised in all the issues, whether public or placed, was raised through private equity deals — $17.1 billion (Rs 691 billion). The difference between the two routes is this. In an issue, placed or public, the company decides to raise a certain amount of money from a certain mix of securities, and then goes around hawking it. It invites offers from financial institutions, and accepts the best offers.

Private equity comes in many forms, but a private equity firm looks at a company, its business and prospects, and works out what sort of financing pattern would be best for it. It then divides the capital into marketable chunks, and finds for them the buyers who would value them most. A private equity firm is essentially a specialised intermediary between a company and qualified investors.

Private equity emerged as a distinct business in the United States because the universe of institutional investors became increasingly complex. At the top of the American financial world, one hardly finds pure forms of financial firms such as banks and insurance companies; almost all institutions are conglomerates. The universe of investors is also dominated by institutions that are not wedded to particular securities or investment styles; they use diversification to reduce risk, and for the rest, are prepared to invest in anything. Money comes to the US market from everywhere else; foreign companies, investment institutions, countries, all mill around the US financial markets. It is this heaving ocean of wealth that breeds private equity firms; it is like specialist fish selling predator fish knowhow about where to find the best fish to prey on.

India has not become such a rich ocean yet; but Sebi is working to make it one. Sebi's combination of a yen for rules and a bleeding heart for the small investor has made it so disadvantageous to raise capital through the market that everyone is running away and devising new ways of accessing capital; and private equity is all about devising such clever ways.

That is, in a way, reinventing the wheel; for private equity has reached its highest development in the United States. It does not have to be replicated here. It would be easier for Indian companies to go to America and consult private equity firms there. Interest rates are lower there, so debt raised there would be cheaper. And with the foreign exchange reserves bursting, the Rupee can only appreciate; that makes foreign money all the cheaper. That is just what worries Reserve Bank; it is busy inventing new regulations to prevent Indian companies from doing what is in their best interest.

The author is Consultant Editor of Businessworld
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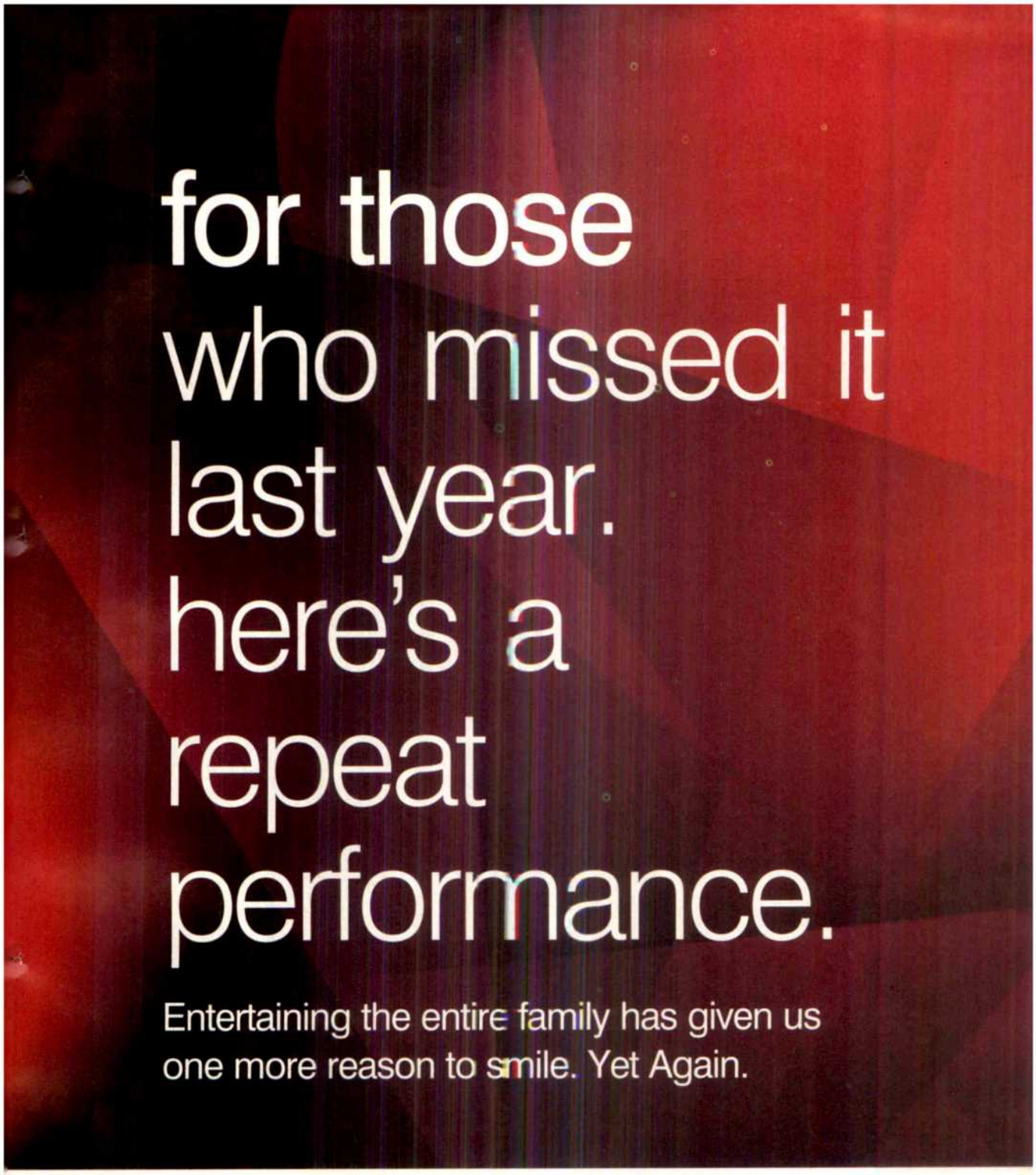

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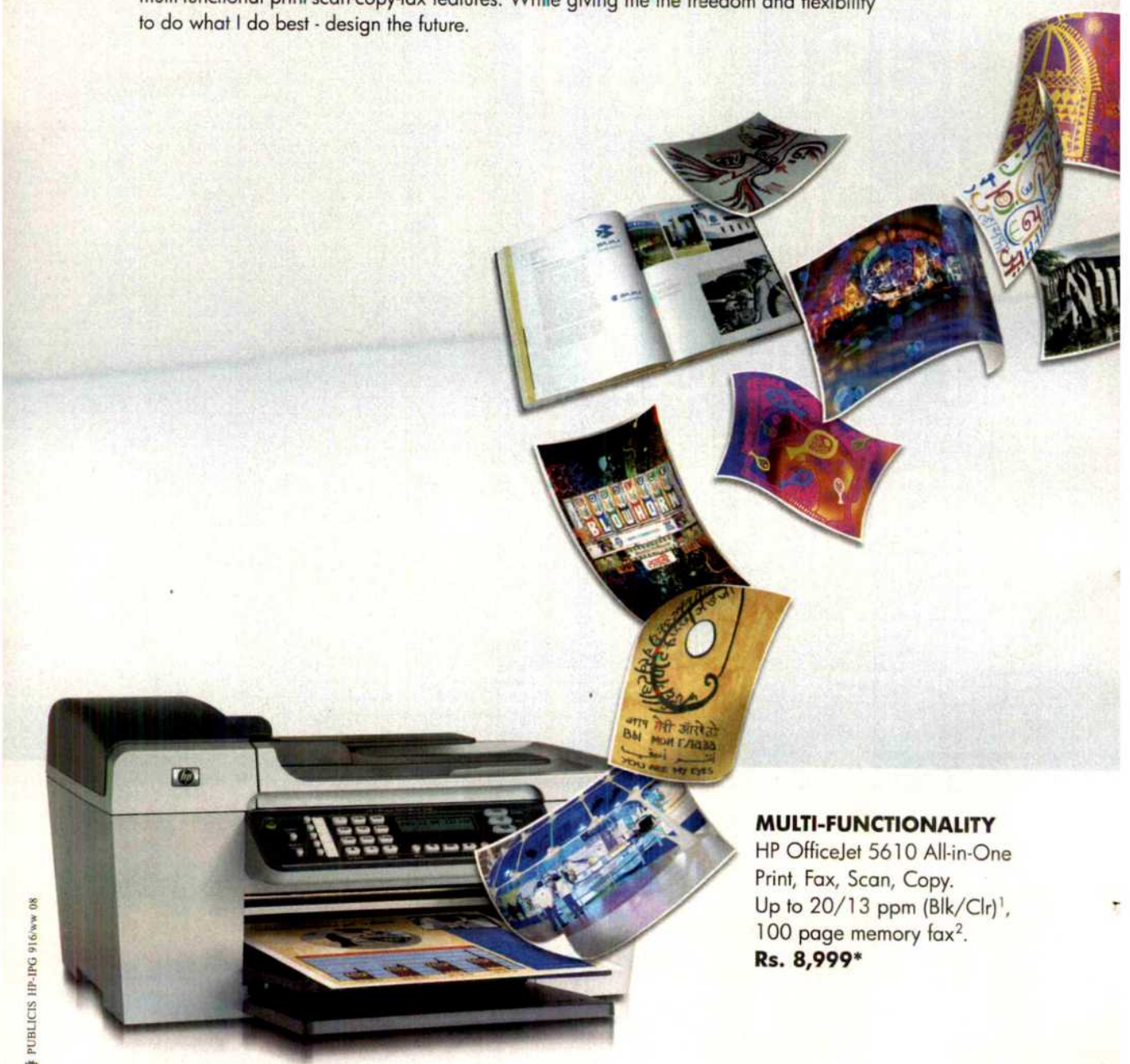

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The Power Rush

by Srikanth Srinivas

The means financial services employ to circumvent restrictions

THE AMERICAN ARCHITECT, DESIGNER AND INVENTOR Buckminster Fuller once said "Every time I draw a circle, I step out of it." Paraphrase that to the Indian market for initial public offerings (IPOs) and you will have to think in terms of concentric circles. Ever since the Reserve Bank of India (RBI) drew a circle around banks by banning them from financing IPO investment in the wake of a scam three years ago, financial services companies have been finding innovative ways to get out of circles. Let's use the Reliance Power IPO as an example, given its prominence and the market hype.

First circle. A stockbroking firm goes to a credit rating agency and seeks a rating for money it wants to raise from the market, ostensibly to finance its trading operations. Usually, these borrowings are short-term to enable the firm to be able to fund its stock-in-trade, purchases made on behalf of its clients. It borrows at say 16 per cent.

Second Circle. Buyers of these firms' paper — usually commercial paper — are mutual funds, for whom the rating is enough a guarantee that the paper the funds are investing in will give them the kind of returns investors in the mutual fund's schemes are looking for. The main investors in such schemes are usually corporations sitting on cash. The fund pays the corporation 13 per cent, say, keeping a spread of 3 per cent.

Third Circle. Usually these funds would have ended up in the inter-corporate debt market, but exposure and disclosure limits prevent these cash-rich companies from lending to other companies. But an investment in a mutual fund for a short period — usually less than 25 days — is permissible, and carries a lower risk; compared to returns of say 8 per cent on government bonds:the company gets a relatively risk-free return of 5 per cent.

Fourth Circle. With the money so raised, stockbroking firms then approach high net worth individuals (HNIs) with a proposition for investing in IPOs. The proposition goes thus: based on the grey market — the equivalent of what is called a when issued market — the possible levels of oversubscription are worked out, of which there can be many: 100 times, 125 times, 150 times, etc.

Based on the assumption that an investor gets 10 shares for every 1,000 applied for, the HNI puts up Rs 4,500 (Reliance Power is around 450 a share). The balance (Rs 4,45,500) is funded by the stockbroking firm. Coincidentally, note that the amount funded equals the expected refund amount, which implies that the lender is covered fully on principal. The interest rate could be 18 per cent or higher.

The allotment is complete, the refund goes to the lender, and the shares to the HNI. At 18 per cent on Rs 4,45,500 (the loan amount for a 1,000 share application minus the investor's contribution) the interest works out to about Rs 461 per share. Total cost of one share to the investor: Rs 911. If the share is listed at Rs 1,211 — which is what this elaborate scheme is all about, taking advantage of as high a listing price as possible — the investor makes a per share return of Rs 300 in 21 days (the allotment process time) or Rs 3,000 for an initial outlay of Rs 4,500 — about 67 per cent in absolute terms.

The firms, in their emails to HNI investors, have suggested that their segment — 2,28,00,000 shares, or 10 per cent of the issue — would be oversubscribed 150 times. The Reliance Power IPO has generated thousands of crores in investor interest. Apply the math to the size of the HNI segment, and the returns look phenomenal. Welcome to the world of 'structured' finance. Meanwhile, regulators also circle around — watching helplessly.

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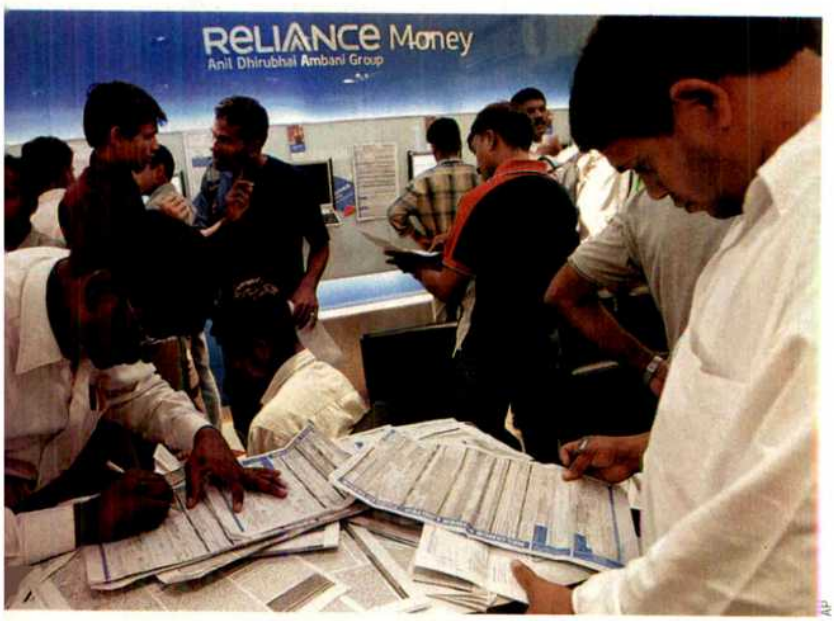

CROWDED: IPOs such as those from Reliance Power, DLF and BSNL are cashing in big

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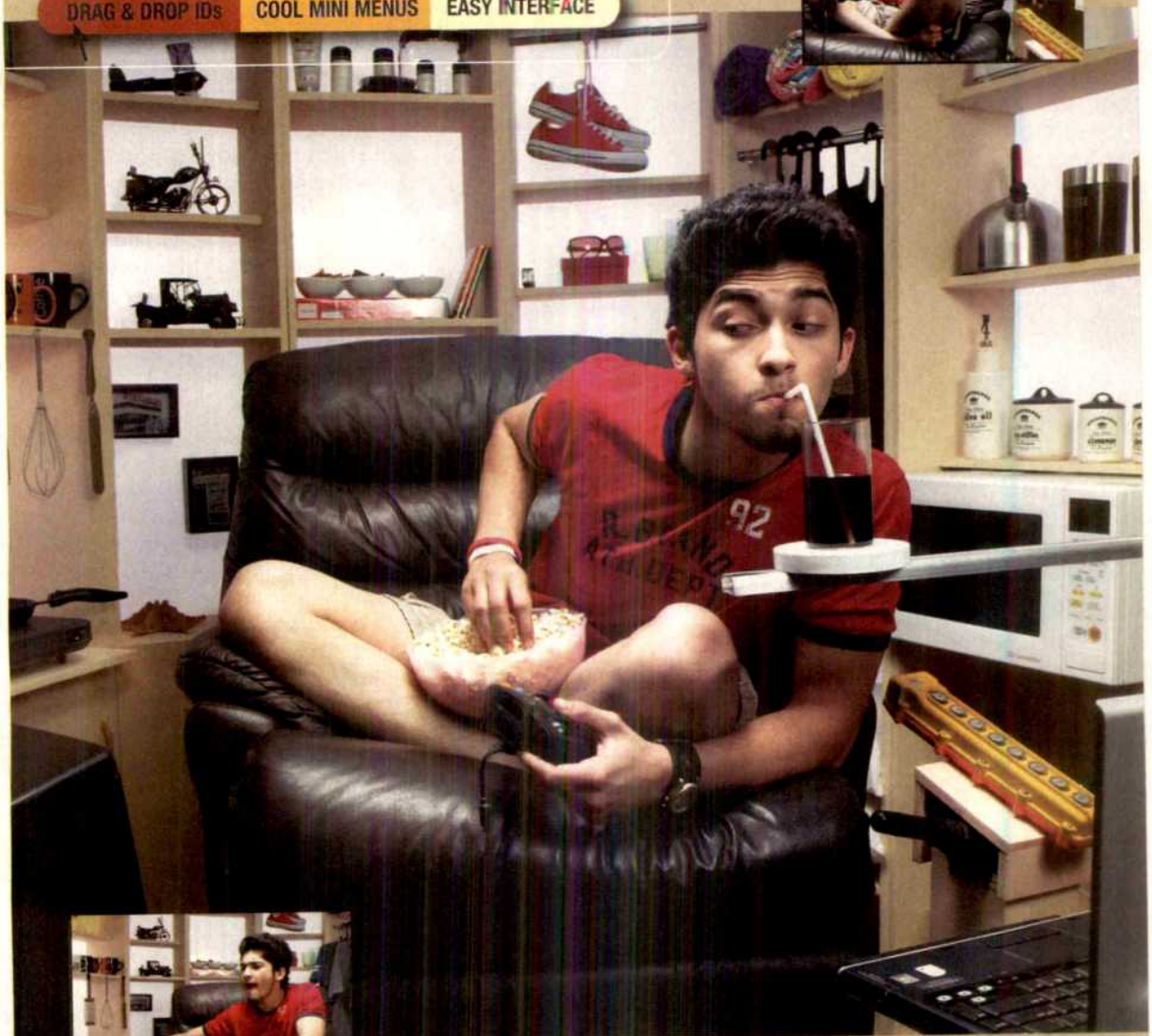

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SAATCHI & SAATCHI - 003/2006 BL

First Ball Six By IPL

by Feroz Ahmed

MORE TO COME: BCCI is looking to boost the value of bids for team franchises

BCCI hits a bonanza with the sale of IPL's media rights

AFTER MUCH HYPE, THE INDIAN PREMIER LEAGUE (IPL) is off the blocks with the sale of global media rights to the event. In fact, the cricket venture by the Board of Control for Cricket in India (BCCI) has exceeded the hype in the very first deal it has done.

Against a base price of $59 million a year, the BCCI has bagged $1.026 million for 10-year rights, including $108 million as contribution for the event's promotion. That too for a domestic summer tournament of 20-20 cricket.

This deal makes the $1.1-billion contract between the International Cricket Council (ICC) and ESPN Star Sports (ESS) look like a bargain. The ICC-ESS deal covers all international cricket tournaments — one-dayers and 20:20 for men, women and youth — over the next eight years.

Significantly, the bidders have shown more faith in IPL's commercial potential than BCCI itself. Initially, BCCI offered media rights for only the first five years of IPL. But the bidders asked for a 10-year deal, being convinced of the long-term appreciation of the IPL rights.

"Globally, media rights values double every five years," says Venu Nair, CEO of World Sports Group (WSG), the sports marketing company that has won the rights to IPL in partnership with Sony. To make life easier for WSG-Sony combine, BCCI has agreed to accept only about one-third of the payment in the first five years.

Nair is not considering the possibility of anything going awry. For him, IPL is an international property, given the participation of international cricketers, and there is no risk of loss of viewership due to elimination of a popular team since the tournament is a league.

"Typically, media rights to international sports give an upside of 15-20 per cent year-on-year. We'll beat that," says Nair.

With Sony interested only in telecasting IPL in the sub-continent, WSG will sell radio, internet and mobile phone rights to other Indian companies for the local market. It will sell the rights for the rest of the world to regional broadcast and communication companies. Still, Sony's payments will account for nearly 80 per cent of the BCCI-WSG deal. WSG needed a broadcasting partner with at least 50 per cent coverage of India's cable TV homes to bid.

The broadcast rights bonanza, however, is only an appetiser for BCCI. By assuring a wide coverage of the IPL, it is looking to boost the value of bids for team franchises. About 90 firms, including Bharti, Reliance, ADAG, Kingfisher and Future Group, have bought the team franchise bid documents. There are also a few private equity firms, which could be fronting for others. Celebrities, such as Russel Crowe and Shah Rukh Khan, are also believed to be in the race, albeit through conduit companies. The team bids will be opened on 24 January. BCCI is hoping to rake in another billion dollars from that though the reserve price for each team is only $50 million.

According to Balu Nayar, managing director of IMG India, the firm that has devised IPL for BCCI, the bidders will be vying for eight city franchises out of 12 cities eligible for IPL. That means the eight city teams attracting the highest bids will start the IPL this April. BCCI will not issue any more franchises for the first three years to give the founders a less cluttered field and reap business advantage. Only two more franchises may be added in the fourth year and further two in the seventh year. "Our clear focus in designing the league has been to maximise the value of the team owners," says Nayar.

The way BCCI-IMG combine have pre-sold IPL has lessons for other sports organisers in the country.

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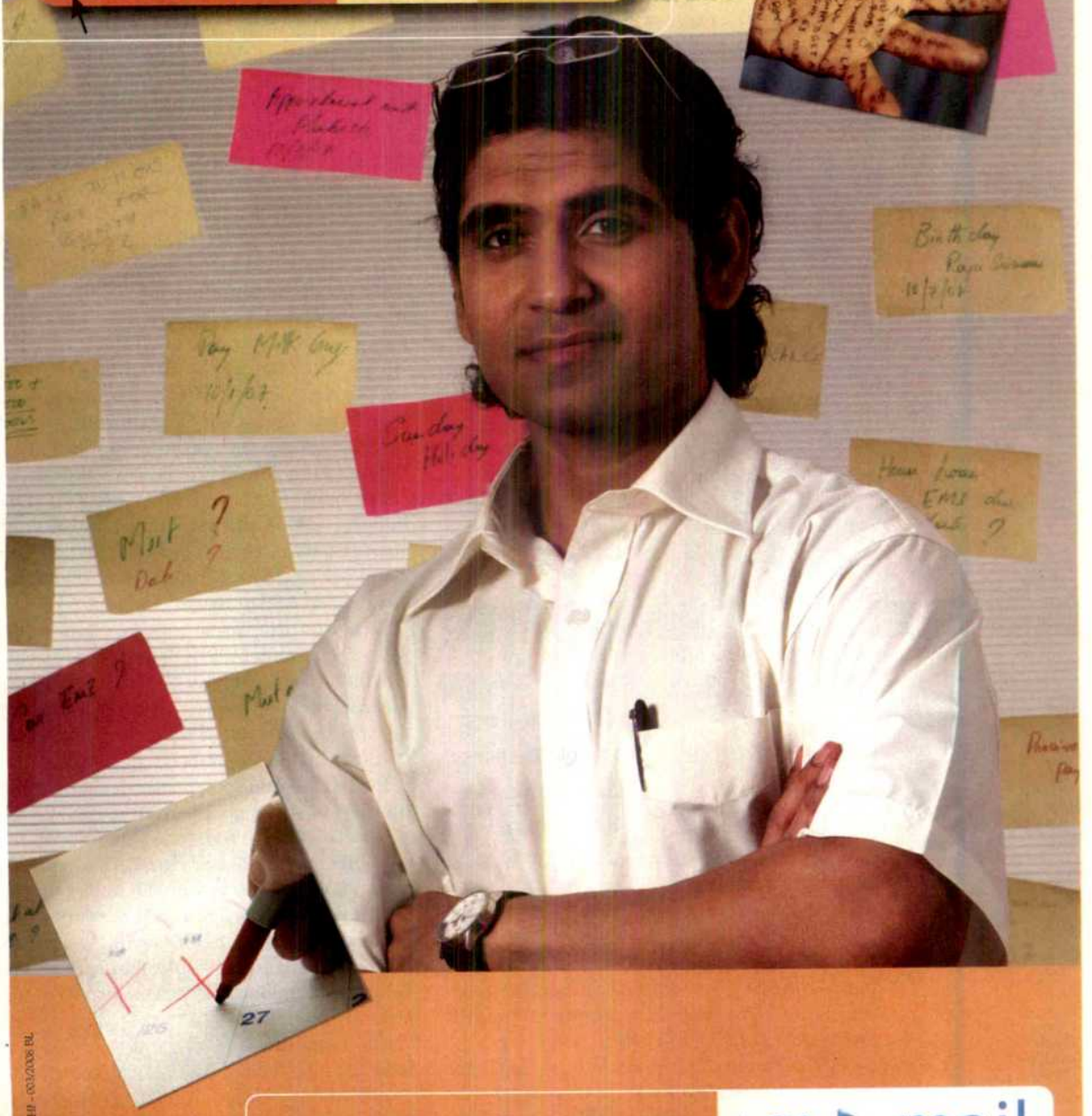

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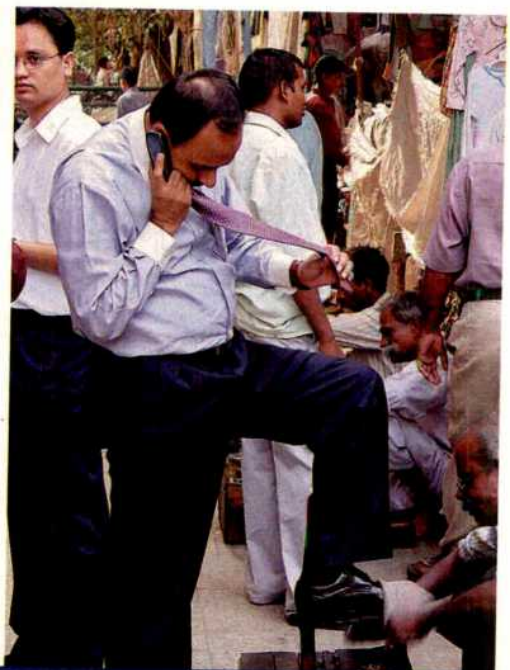
SAATCHI & SAATCHI - 03/2008 BL

How Many Billions

by K. Yatish Rajawat

An IPO today could make BSNL a $100-billion company



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WHAT COULD BE...

...if BSNL goes public today

Telecom operator	P/E	EPS	Market cap
Bharti Airtel	30	Rs 28.26	Rs 1,64, 508 crores
Reliance Comm.	49	Rs 15.01	Rs 1,50,353 crores
Idea	59	Rs 2.42	Rs 37,632 crores
BSNL	60	Rs 14	Rs 4,00,000 crores*

EPS based on March 2007 earnings; *Government's expectation makes BSNL the second biggest company by market cap just behind Reliance Industries

STATE-OWNED TELECOM MAJOR BHARAT SANCHAR Nigam (BSNL) has yet again expressed its intention of going public. The BSNL management and the government are talking about selling 10 per cent of the company's equity through an initial public offer.

BSNL's Finance Director S.D. Saxena said the carrier wants to raise Rs 40,000 crore. He was not available for comment. The government seems to be looking at a market cap of $100 billion (Rs 4 lakh crore). Bharti Airtel commands a market cap of Rs 1,64,000 crore and ranks fifth in market cap sweepstakes. The question is, will the market give BSNL such a phenomenal valuation. The valuation of any company is based on three basic criteria: management quality, business model and sector dynamics.

BSNL has not been able to attract any employees from the private sector, so its management is as good as can be in a public sector environment. And it is definitely not comparable with the management in a private sector telecom company.

More important is the business model. Much of the growth for telecom companies in the past five years has come from mobile services. BSNL was basically a landline operator but now offers GSM service in 21 circles and has a 19 per cent market share. Revenues from voice calls are dropping, and the next round of profitable growth is expected to come from broadband or data services. BSNL is providing broadband internet services under Sancharnet. It's also investing $ 500 million to build a CDMA-based mobile network.

The hype surrounding the sector and its future growth potential has seen P/E (price-earnings) ratios of companies scale new heights. Bharti Airtel has a P/E of 30 times on an earning per share (EPS) of Rs 28.26, Reliance Communications has a P/E of 48 times on an EPS of Rs 15. Idea Cellular has the highest P/E of 59.13 but has a very low EPS of Rs 2.42. BSNL has an equity base of Rs 5,000 crore, made up of 5 billion shares of Rs 10 each. Its net profit for the year-ended March 2007 was Rs 7, 805.87 crore, 12.68 per cent lower compared to the previous year and an EPS of Rs 14.

Based on the three criteria, even if BSNL were to command a P/E of 30 times, its shares will be priced at just Rs 420 a piece, taking its market cap to $52 billion. But the government is expecting a P/E of 60 times as it wants a market cap of $ 100 billion.

Even if the valuation is calculated in terms of number of subscribers and not P/E, BSNL is way off the target. Vodafone paid $770 for each subscriber of Hutch last year. BSNL has 32 million mobile subscribers and 36 million landline users. If it is accorded the same valuation as Hutch, its mobile business will be worth $25 billion. If its landline subscribers get the same valuation, then its total market cap will still be around $50 billion.

The remaining upside on the valuation will have to come from other assets like its real estate holdings, telecom infrastructure like towers, fibre optic backbone and broadband subscribers. The government is banking on these assets to bridge the $50-billion gap.

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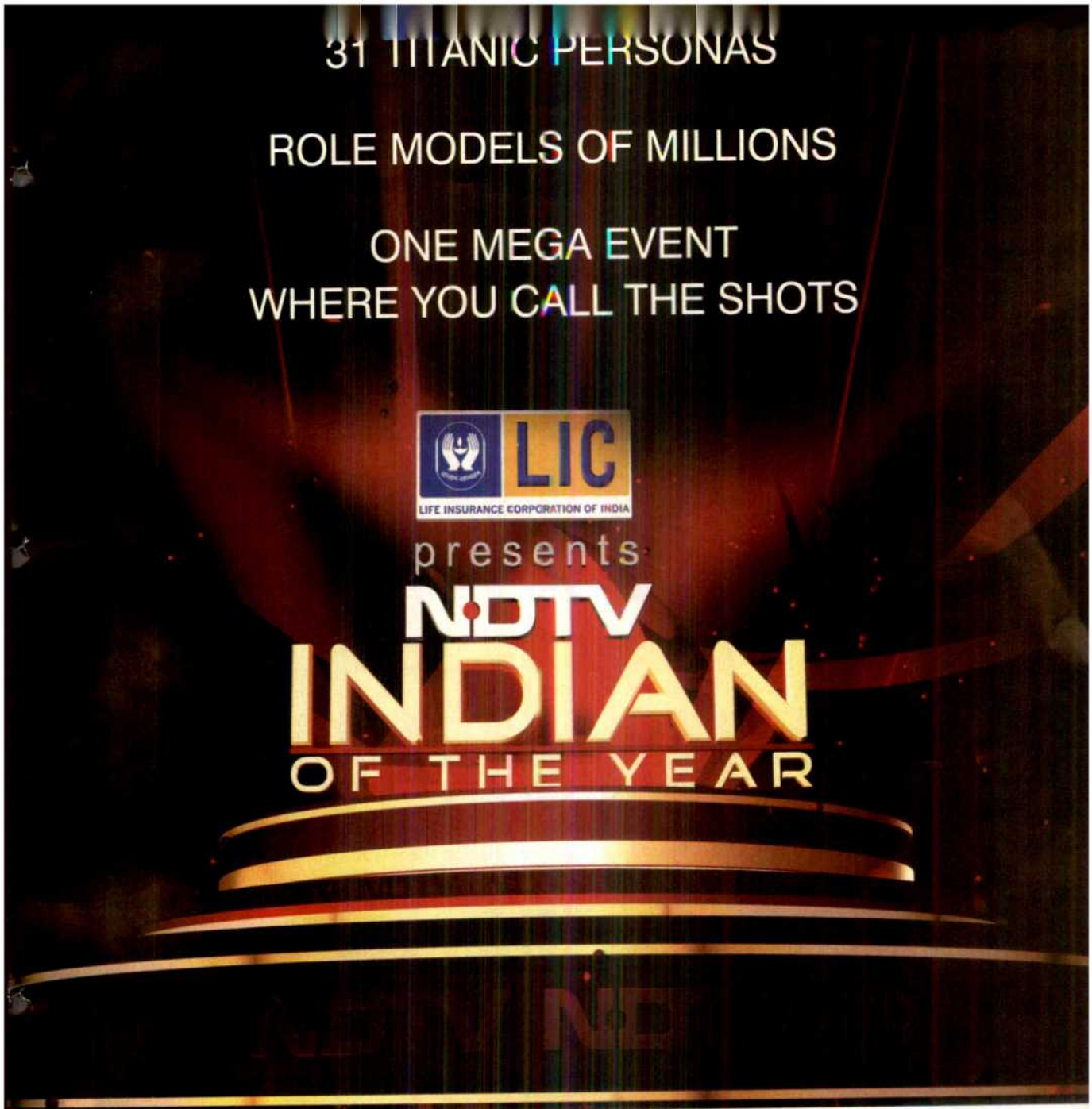

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Something More To It?

by Rajesh Gajra

Trade-for-trade segment has doubled in size. Why?

YOU DO NOT SEE IT VERY OFTEN. AROUND ONE OUT of every five stocks listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) are currently in their respective trade-for-trade (TT) segments. In a one-month period, from 14 December 2007 to 11 January, the BSE has more than doubled the number of stocks in its TT segment, from 322 to 762, and the NSE has done likewise, from 91 to 194 (see 'The Trade-for-trade Juggernaut'). This was done across three days.

Traders and investors are scratching their heads at this sharp rise in TT stocks. They do not like it since they cannot do intra-day squaring off in the TT segment. If a trader has bought and sold shares in a stock in the TT segment the same day, he has to pay for the purchase separately and also deliver shares towards the sale separately. The two can not be netted out.

On an average, once every month, the surveillance department officials of the BSE and NSE meet at Securities and Exchange Board of India's (Sebi's) office to review the situation of price movements and trading volumes in the market. The TT action, say the circulars of NSE and BSE, is taken "with a view to ensure market safety and safeguard the interest of investors".

But no stock-wise rationale is given for the shift to TT. The move is made in the name of investors' interests, but investor-friendly transparency in laying down the rationale behind each stock's shift to TT is given a short shrift by Sebi and the exchanges.

The shift to TT causes a sharp dip in the trading volume of a stock. Take the case of Amforge Industries. It was among the 292 stocks shifted by BSE to TT from 31 December 2007. The stock's daily average number of shares traded fell from about Rs 2.10 lakh for 3-28 December to about 80,000 from 31 December 2007 to 15 January. The stock's price that had shot up from Rs 13.6 on 3 December to Rs 25.1 on 28 December is still high at Rs 20.1 as on 15 January.

If suspected price manipulation is the reason behind the shift to TT, then the purpose is not adequately served. Sebi needs to go after the actual investors or traders who are behind the trades during the price surge.

The stocks shifted to TT are mostly small-cap stocks. Small-cap and mid-cap stocks have been outpacing the large-cap indices for last three-four months. The retail investors and speculators prefer to bet on these stocks as they think the returns will be higher. The shift to TT segment of a large number of stocks in a month has left them high and dry as they cannot trade on a large scale in TT stocks.

Conspiracy theorists suggest that the freeing up of funds of such investors will help the huge IPOs that have hit the market this month, such as the Rs 10,260-crore issue of Reliance Power, and the ones that will follow in coming weeks, such as the Rs 16,700-crore rights issue of the State Bank of India, or IPOs such as IRB Infrastructure Developers (Rs 1,100 crore) and Wockhardt Hospitals (Rs 1,000 crore).

Large-sized IPOs, fresh public issues and rights issues need high liquidity from investors to ensure over-subscription. The retail investor reservation in the case of Reliance Power IPO is 30 per cent; that translates into Rs 3,078 crore allotment at the higher end of the book building price range of Rs 405 to Rs 450. The subscription amount could be couple of times more.

These require funds to be diverted from the secondary market to the IPO applications, and any disincentive in the secondary market trading helps such a diversion.

rajesh.gajra@abp.in

The trade-for-trade juggernaut

There's been a spurt in stocks shifted to trade for trade.

	ADDED	REMOVED	TOTAL
At NSE	(Total number of listed companies: 1,027)		
Jan 07 '08	34	Nil	194
Dec 24 '07	59	Nil	150
Dec 10 '07	28	Nil	91
Nov 27 '07	20	69	63
Nov 26 '07	19	Nil	112
Nov 12 '07	7	Nil	93
At BSE	(Total number of listed companies: 3,000*)		
Jan 7 '08	148	Nil	762
Dec 24 '07	292	Nil	614
Dec 10 '07	72	Nil	322
Nov 27 '07	67	414	250
Nov 26 '07	81	Nil	597
Nov 12 '07	31	Nil	516

*Excluding around 1,900 in Z group

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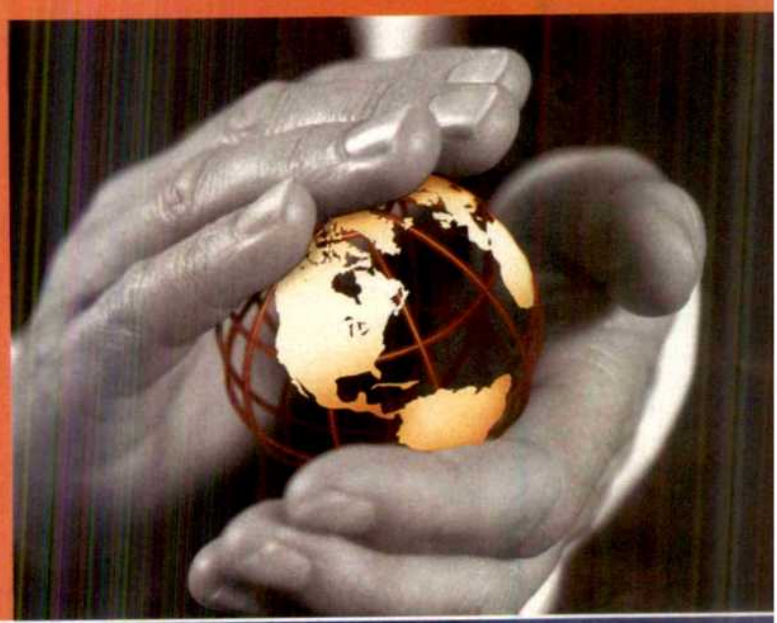

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Building on principles

Virus On Jet Plane

by nayan chanda

THE AMERICAN AIRLINES' NON-STOP FLIGHT that takes passengers from Delhi to Chicago is a great boon to travellers. But the 16-hour journey inside an airline cabin also provides ample time for a carrier of contagious diseases, such as tuberculosis (TB), to infect his fellow passengers. Welcome on board and please fasten your seatbelts: this is high-speed globalisation.

Threat of disease spread by global travel poses a challenge to individuals as well as governments

Earlier this month, the US Center for Disease Control (CDC) launched a nationwide search to find some 44 passengers who arrived in the country on American Airlines flight 293 from Delhi. They needed to be contacted urgently to be tested for a multi-drug resistant TB infection that they may have picked up from a fellow passenger. A Nepali resident of California was diagnosed with a rare, drug-resistant form of the disease while in India, but it was only after she had returned to the US and checked into a hospital that the alarm bells began to sound, prompting the CDC to track down passengers who might have been infected while on board, and who may now be in the process of spreading the disease further.

It is frightening, but not new. A similar drama unfolded last June, when an American TB patient, Andrew Speaker, was found to have boarded international flights despite being told that his strain of the disease was highly contagious. Fortunately, Speaker had not infected any of his fellow travellers, but we still do not know if we will be so lucky this time round. Nor does one know if the latest traveller infected anybody in India. We do know, however, that with air travel booming, one has to be prepared for many more such emergencies.

If Speaker and the more recent Nepali patient have brought home one lesson, it is that hyper-connected globalisation has reached a point where the health and well-being of many around the world can hang by the thread of one individual's actions in a faraway place. International bodies such as the World Health Organization (WHO) and government health services the world over now have to prepare for emergencies triggered by ignorant or inadvertent action by any of us.

Had these patients been infected with a pathogen as contagious as SARS (severe acute respiratory syndrome) or worse, the consequences could have been catastrophic. With tens of thousands of commercial flights carrying some 800 million international passengers around the world each year, viruses have acquired a velocity that they never had before. Past pandemics such as the bubonic plague 'Black Death' and the Spanish flu spread slowly — limited by the speed of a horse-drawn carriage or a steam boat — and killed tens of millions before they died out over time. Such catastrophes prompted human society to initiate new and unprecedented public health programmes. It was during the time of Black Death in the 14th century that the city of Venice forbade vessels from docking at a port until they had spent 40 (qarantina in Italian) days in the water, that is until the infected ones had perished. The word 'quarantine' born then has become a standard health policy tool, but, in the meantime, viruses have evolved and found speedier carriers in the jet plane.

The speed and frequency of today's travel has placed individuals at the centrestage and produced myriad challenges to controlling the spread of infectious diseases. It is useful to recall that it was the action of one man, ironically, a professor of medicine from the Chinese city of Guangzhou, that enabled the lethal SARS virus to cross the Chinese border and go global. Liu Jianlun, who had treated SARS patients in his hospital and knew they were suffering from a highly contagious disease, nevertheless decided to travel to Hong Kong to attend his nephew's wedding. Several guests staying on the same floor at the Metropole Hotel subsequently became infected and left for Hanoi, Toronto and Singapore. By the time the pandemic was finally stopped, it had taken over 800 lives in 32 countries around the world.

With the growing speed of travel and burgeoning number of travellers, millions can be inadvertently placed at risk by the careless actions of the Dr Lius and Andrew Speakers of the world. Government agencies have to be more vigilant than ever to avoid health emergencies and cooperate more fully with WHO. But it is time that we also recognise our individual responsibility and capacity to wreak havoc as citizens of an intimately connected world.

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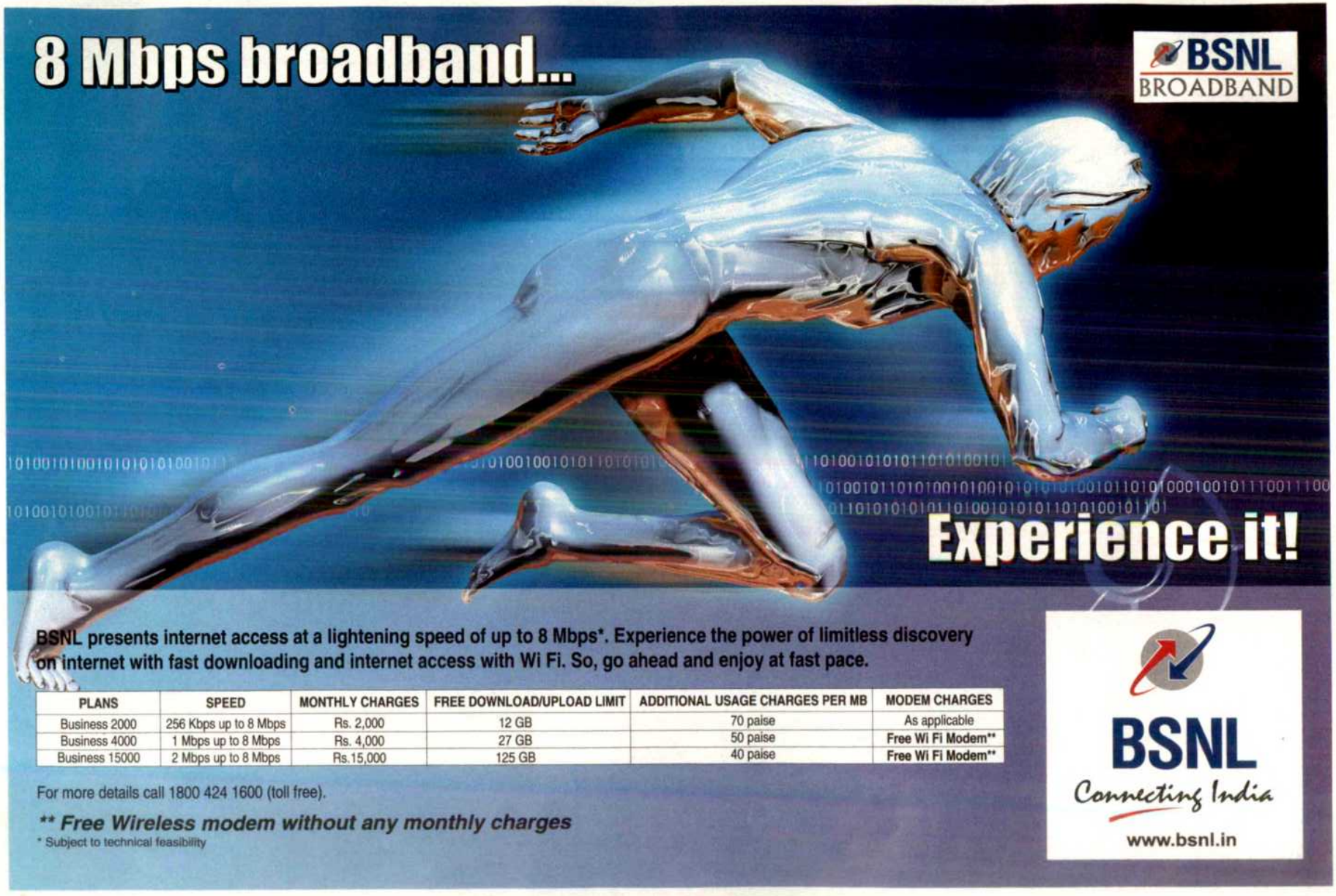

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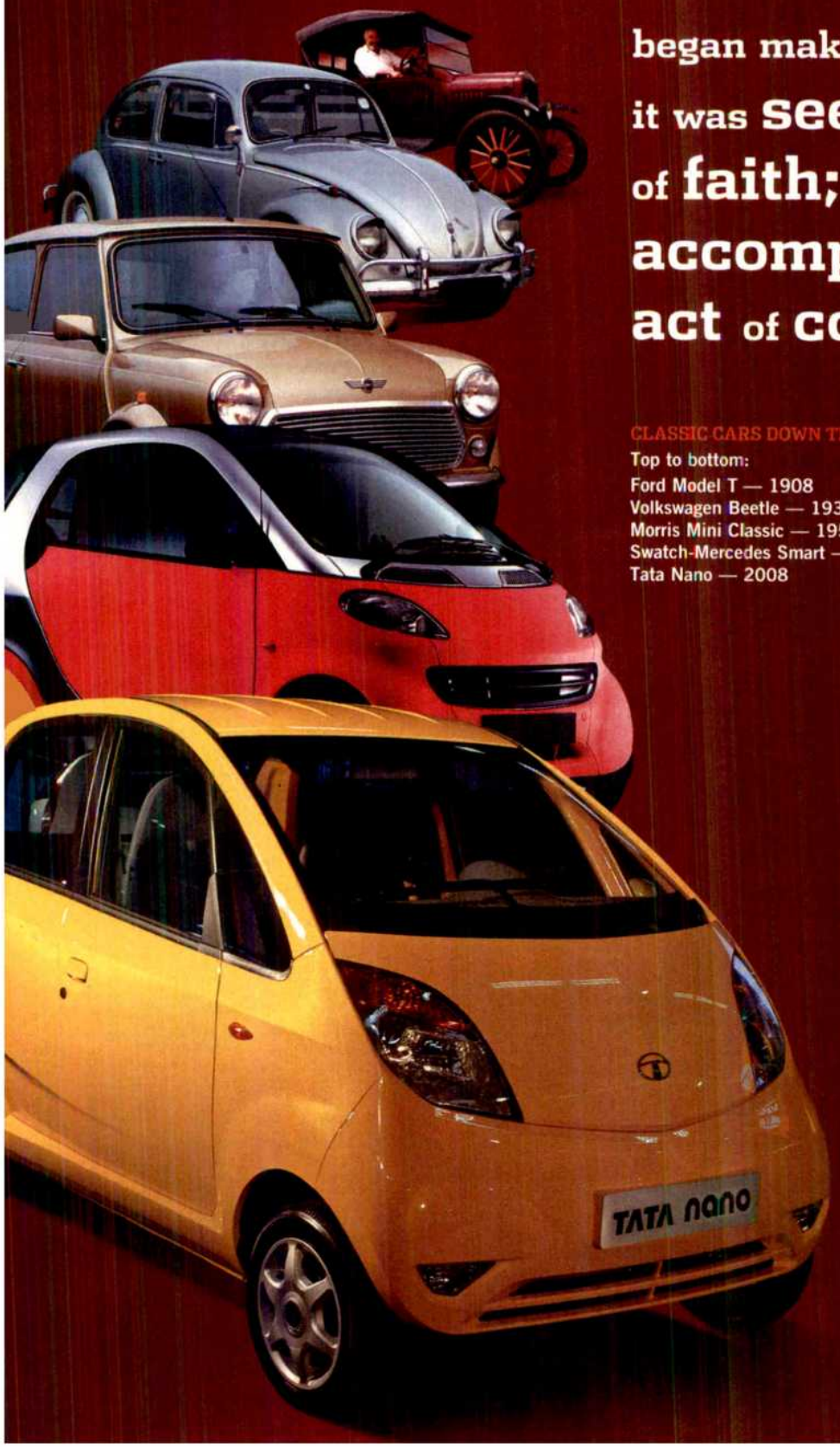
When Tata engineers began making the Nano, it was seen as an act of faith; what they have accomplished is an act of courage



CLASSIC CARS DOWN THE YEARS

Top to bottom:
Ford Model T — 1908
Volkswagen Beetle — 1938
Morris Mini Classic — 1958
Swatch-Mercedes Smart — 1998
Tata Nano — 2008

The Making Of A Modern Classic

by Dinesh Narayanan

IN EARLY 2003, FIVE ENGINEERS from Tata Motors trooped into the main conference room at Bombay House, the Victorian sandstone building that houses the headquarters of the Tata Group. They had been summoned at a day's notice from the Tata Motors factory in Pune by company Chairman Ratan N. Tata, who had just made a promise the world said would be 'impossible' to keep.

Tata had told a *Financial Times* correspondent on the sidelines of the Geneva Auto Show that he was thinking of making a car that would cost about 2000. Adjusted against the then exchange rate of the rupee, that translated to Rs 1 lakh. Tata says he had never really defined the project in his head exclusively by its pricing. "It was the media that said it," says Tata. "But we decided to accept the challenge...." With that resolution, Tata imprisoned himself and his engineers in a promise to fulfil which they would have to all but rewrite the principles of automotive engineering.

When the engineers walked into the conference room that morning, they knew that the meeting had something to do with Tata's statement about a small car that they vaguely remembered reading about in newspapers a few days ago. Little did they realise then that the next four years of their lives would be dotted with moments of agonising failure and heady success, between which they would eat, drink and catch up with their families. The worst: the engineers would not be able to share with anyone, even their wives, what was going on inside their second home, the drab block of concrete called Engineering Research Centre (ERC) at Tata Motors' campus on the outskirts of Pune.

Jai Bolar, senior manager for development at Tata Motors' ERC, recalls that the team entered the conference room armed with just a 60-slide presentation on all the low-cost modes of personal transport. The vehicles included motorbikes, autorickshaws, scooters and the company's own Indica. "We had no clue as to what we were supposed to do," says Bolar. "So finally, we asked him whether he could tell us what he had in mind."

The next few minutes will, forever, be imprinted on the team's mind. Tata, or RNT as he is affectionately called, held forth, exhorting the team to dream of building a low-cost car that would cost only marginally more than a two-wheeler and revolutionise personal transport in India. Show the world what Indian engineering is truly capable of, RNT told the engineers. "Make me also part of the team. Only in a country like India or Pakistan can a low-cost car be made," he insisted.

The motivational talk worked. "We came back from the meeting all charged up," says Nagabhushan R. Gubbi, head of engineering

EXECUTIVE SUMMARY

- A clueless team of Tata engineers had no blueprint; they started with a dream, and turned it into reality
- Tata Motors still needs to align the commercial imperatives behind the car. The Nano has to go some distance before it reaches the customers

for passenger cars. Gubbi did not know, nor did the others, that they had just been impelled by arguably India's most visionary businessman to create history.

Spluttering Start

The team made little progress over the next year and a half. It tried to source parts from around the world, even toyed with the idea of an open car with plastic or canvas sheets for protection (see sketch below). The problem was it was still thinking of making the motorcyclist safer. Two-wheelers continued to overtake the image of a car in their minds.

"The biggest challenge when the project started was there was no brief, no benchmarks, and it had never been done before," says Bolar. Even RNT had only the disturbing image of a family of four riding a scooter on wet roads and an unclear dream to help such families as benchmarks.

In August 2005, Girish Wagh, an easy-going, but intense 35-year-old with a reputation for building teams and trucks, entered the scene. Wagh, a mechanical engineer by training, had just helped build the runaway hit Ace. He arrived at a time when the first 'mule' was ready. A mule in auto parlance is a vehicle that comprises the engine and transmission, driving a mock-up addled with electronic sensors. It moves like a vehicle just for testing purposes. The first mule had a marine engine that delivered 20 brake horse power (bhp).

"We wanted to see whether such an engine would work," says engine man Narendra Kumar Jain. It did not.

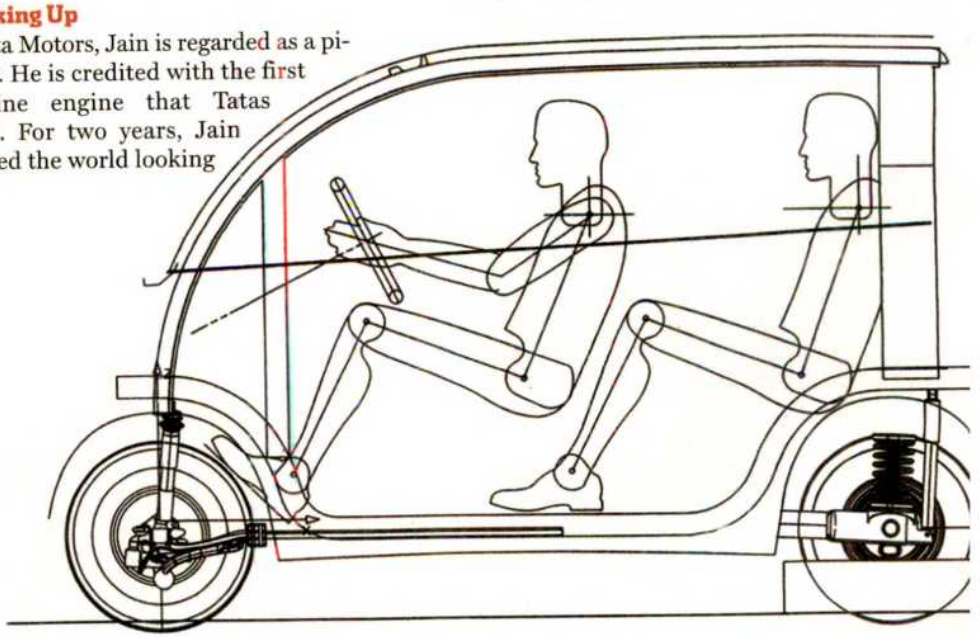
Cranking Up

At Tata Motors, Jain is regarded as a pioneer. He is credited with the first gasoline engine that Tatas made. For two years, Jain scoured the world looking for an engine that could fit a small car. He even tried motorcycle engines, but finally decided that RNT's common man would need an engine not yet invented. Jain then went to work with a clean sheet of paper.

He started off designing a small engine that would deliver 20 bhp, but realised midway that it would not be enough. So he increased the engine's capacity to 554 cc, which delivered 27 bhp. The engine still did not have enough zing and its driveability was not satisfactory. So, Jain redesigned the engine and increased its capacity to 586 cc. That appeared to be peppy enough and satisfy all parameters. The team, swelling in number as new tasks were incorporated and specialists taken on, was working to meet three parameters — acceptable cost, acceptable performance and regulatory compliance, not only current but also future.

While Tata engineers worked on the engineering of the car, Italian design house I.D.E.A., which also designed the Indica, was chartered with styling. Guided by RNT, the styling kept changing. Though in an interview with *BW*, RNT underplayed his own role in the design, Wagh says he was intimately involved in the styling and made some alterations even a few days before the launch. "Mr Tata was present at every testing and he made all the decisions," Wagh says. "He was very focused on what the customer would like".

In December 2005, the second mule was tested, and by mid-2006, the first prototype or alpha was ready. After testing the prototype, which ran on the 586-cc engine, the team found the vehicle wanting. "We felt it needed to be longer," Wagh says. "RNT wanted changes in



THE IDEA STAGE: (Left) An early vehicle layout for the occupants, and (right) the side-view rendering of Nano during its design phase

styling, which meant changes in body design, which increased safety performance." It was decided to increase the length by 100 mm. It meant redoing everything that was done until then. The team was back at the drawing board.

Beat But Not Beaten

That the project did not have any specifications, and was never tried before, worked both in its favour as well as against. With only three parameters to guide them, the engineers kept coming up against failures. Jain says the biggest support from the management was not to hold a failure against anyone. "The hardest part was continuing to believe we could do it," RNT said. "I never felt the project won't go through. I was scared I won't meet targets — price targets, time targets, the auto expo..."

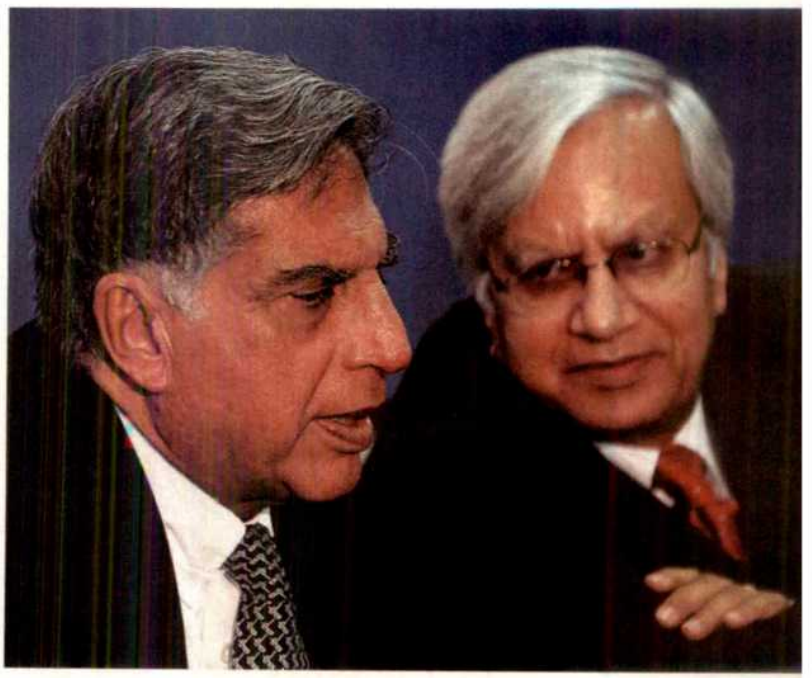
Bolar says that since there was no precedent to the project, everybody had a number of concepts. "The management remained open, but the most challenging task was to define the specs," he says. The Maruti 800 was the only benchmark to go by. And it cost more than Rs 2 lakh on the road.

As the team struggled with constant change, which often put them at their wits' end, RNT and Tata Motors Managing Director Ravi Kant played a key role in preventing creative fatigue. "We were like a football team," says Gubbi. "The leadership was where the ball was. Everyone was playing for everyone."

Ravi Kant put in long hours of work and was always available to take decisions, monitor progress and keep the team motivated. "We exposed our people to products of competitors by tearing those products apart and analysing the good and bad and comparing them with our own, thereby making people see why customers buy someone else's products rather than ours," Ravi Kant told *The McKinsey Quarterly* in a recent interview.

Abhay M. Deshpande, general manager for vehicle integration, says though there were time and cost pressures, the collective leadership kept the engineers completely insulated from them.

Sometimes the work was repetitive and tedious. In designing the engine, Jain did 150 thermodynamic simulations, each of them stretching eight to ten hours. Body systems expert R.G. Rajhans, who had built the body of the Indica and also the new Indica, had by then built about 10 different floors for the car.



TRIBHUWAN SHARMA

INSPIRED LEADERS: RNT with (right) Tata Motors Managing Director Ravi Kant

Finally, in October 2006, Jain hit upon an optimal engine design. His creation had a capacity of 624 cc and squeezed out 34 bhp of power. "It was the first time that a high-pressure die-cast engine was made in India," says Jain. In comparison, the first Maruti 800, which was powered by a 796-cc engine, delivered only 37 bhp.

Jain's computer prototype was cast into a real engine in January 2007, when it was first fired. With a multi-point fuel injection system developed by Bosch calibrating the gasoline flow, the heart of the car was ready. Jain filed 10 patents

SUBHABRATA DAS

YOUTH POWER: The average age of the 500-member team that delivered the Nano is a mere 30

for the engine. By the time the car was finished, the company had filed 34 patents in all; and some more are in the pipeline.

Miles To Go...

E. Balasubramoniam, head of sourcing for the project, was not a popular man with vendors. "We had several heated arguments," says Balasubramoniam, a former Maruti hand with a wry smile and a negotiator's demeanour that doesn't give away anything. His job involved constantly hand-holding vendors as well as haggling with them on cost reduction and engineering changes. "We really gave them a hard time. But to their credit, they stuck on and delivered."

To achieve its ambitious cost reductions, Tata Motors had to get vendors to pare margins and persuade them to produce components at lower costs. The vendors had to invest in new processes and methods to reengineer their products to specifications that were rigidly guided by cost, performance and regulatory compliance. Many of them would not make profits for years. For example, P.K. Kataky, director of battery maker Exide, was reported as saying that the company's margins would be thin and it would start making money only after two or three years.

Balasubramoniam says getting suppliers, who were mostly clustered in auto centres such as Pune, Chennai and Delhi, to invest in Singur, West Bengal, which Tata Motors had chosen for its small car plant, was difficult. "But now about 15-20 vendors would finish their plants along with ours (Tata Motors')," he says.

Singur itself was a dark chapter in the project's progress. People from several quarters decried how West Bengal gave Tata Motors subsidised land. In the wake of the violence in Nandigram, West Bengal's main opposition party, the Trinamool Congress, also criticised the ruling Communist Party for acquiring land from peasants on behalf of a private company. RNT himself was uncharacteristically aggressive in saying that vested interests looking to scuttle or at least delay the project were behind the problems at Singur and vowed to show them up "at the right time".

For a while, the tension over Singur made life so difficult for the project that at the Nano's launch RNT joked that the car could have been called "Despite Mamata", after the Trinamool Congress's leader, Mamata Banerjee.

While political gamesmanship fuelled the fires in Singur, the engineers at Pune were battling to bring costs to nano levels. Young blood can bring innovative ideas, but there are some things that only experience can teach. That came from experts such as the ebullient Nagabhushan, who had decades of experience building commercial vehicles, and K.K. Mirasdar, the deputy general manager of prototypes and manufacturing, a veteran with a raspy voice. The group held workshops where experts from the commercial vehicles arm found ways to lay alternative fuel lines, make better use of plastics and build better lamps.

Since the project was inspired by two-wheelers, people who had worked in the two-wheeler industry were roped in, especially in sourcing. Rakesh Mital, who came from Yamaha, came up with the idea of using instrument panels similar to those in motorcycles. The panel in Nano's dashboard was inspired by the minimalism of the clusters on the heads of motorcycles. Ideas for suspension, cables and lamps were inspired by scooters and motorcycles. The tall-design car has McPherson struts stabilising the front and uses a suspension similar to that of motorcycles at the back to balance for a higher centre of gravity and a rear-mounted engine.

An Idea Is An Idea

Often ideas came from unexpected sources. The team was struggling to reduce the cost of seats while complying with safety norms when RNT, a passionate pilot, who often shuttles between Mumbai and Pune by a chopper, had a brainwave. He thought the reclining and sliding mechanism of helicopter seats could hold a solution for the Nano. The engineers at Tata Johnson studied the mechanism and designed one for the car. The window winding mechanism of the car was also inspired by helicopter windows and done by IFB and Shivani.

The manufacturing team also introduced *pokayoke*, a Japanese term for mistake-proof-

ing. Mirasdar, who made the prototypes, almost always had a suggestion that would end up reducing costs and simplifying processes.

Sometimes the cost reduction was so drastic that it surprised the engineers themselves. "We found that the door handle of the car had 70 per cent less parts than one of the cheapest European cars," says Mital.

After the engine design was frozen, things began to fall in place. The dimensions had been fixed and the layout of the transmission finalised. Sona Koyo and Rane Group came up with hollow steering shafts, saving cost and cutting weight. Sharda Motors and Emcon designed the exhaust system and MRF tweaked the tyres to bear extra weight on rear wheels.

"At every stage, we tried to cut costs by reducing the number of parts that went into each component," says Wagh. As the team succeeded at this, they began to see the "impossible" dream morph into reality. But outside the factory, scepticism and discontent were growing.

Revving Up

As the car got closer to completion, the media, including *BW* (see 'Tata's Small Car, 1 Lakh Unanswered Questions', *BW*, 6 August 2007), started speculating. Many reports were cynical; some were guarded, as if leaving room just in case they were proved wrong. Environmentalists such as R.K. Pachauri of The Energy Research Institute and Sunita Narain of Centre for Science and Environment began raising concerns about how a million small cars would impact urban congestion and air quality. But Tata was privy to information that his car had survived a frontal crash test and met Euro IV emission norms several months ago.

Japanese auto giant Suzuki, which makes the ubiquitous Maruti 800, also spoke out with derision. "What is it going to be? A three-wheeler with a stepney?" Suzuki's Founder Chairman Osamu Suzuki had quipped when Tata announced the project. In February 2006, Suzuki again took a shot, saying that it was impossible to make a reliable car for Rs 1 lakh.

But within a year of Suzuki's comment, the Tata team had reason to pop the bubbly. A beta prototype was ready by the middle of 2007 and to maintain secrecy, it was tested at foreign locations, such as test tracks in Germany and the rough terrains of Australia.

Just about 10 days before the Auto Expo at New Delhi's Pragati Maidan where the car was to be unveiled, RNT joined the team in Pune. He camped there until the launch, overseeing the finishing touches. He personally drove it, and made several last-minute changes, including changes in the seat covers and air vents, as the team prepared for the big day.

While the media wildly speculated about the look and features of the car, even carrying all kinds of sketches about the car's looks, three Nanos were shipped to Delhi in containers and remained under cover until the night before the launch. In the wee hours of 10 January, the car was rolled into Tata's pavilion in hall 11 of Pragati Maidan right under the noses of several TV vans stationed nearby. But they missed the action. RNT, who later admitted he had spent a sleepless night preparing for the launch, and Ravi Kant, were present when the cars arrived.

That day will go down as a red-letter day in Indian automotive history. Using a three dimensional hologram created in Germany, a 'virtual' RNT spoke to the huge crowds deluging the Tata pavilion about the car he had dreamed of and which was finally about to be unveiled.

Then, the real RNT, his over 6' 2" frame comfortably ensconced in a white-coloured Nano's driver seat, drove onto the stage what the world now acknowledges as a path-breaking car. As the crowd roared and cheered, a visibly tired but moved RNT took the mike to assure them of one thing — the car, despite the protestations of many in the press, would cost Rs 1 lakh. "A promise is a promise," RNT said, sealing his place in the hearts of millions, whose aspirations of owning a car were now reality. As Tata stood modestly enjoying his success on the stage, a foreign journalist was overheard saying to another: "We are lucky to be here". The other replied, "Yes, at least we can tell our grandchildren that we were there."

If the Nano was one of the most anticipated events in automotive history, its launch has set the industry aflutter. "It's a problem for Detroit," wrote *The Washington Post*, "which is racing to enter India's booming small-car market but will now have to completely revolutionise its pro-

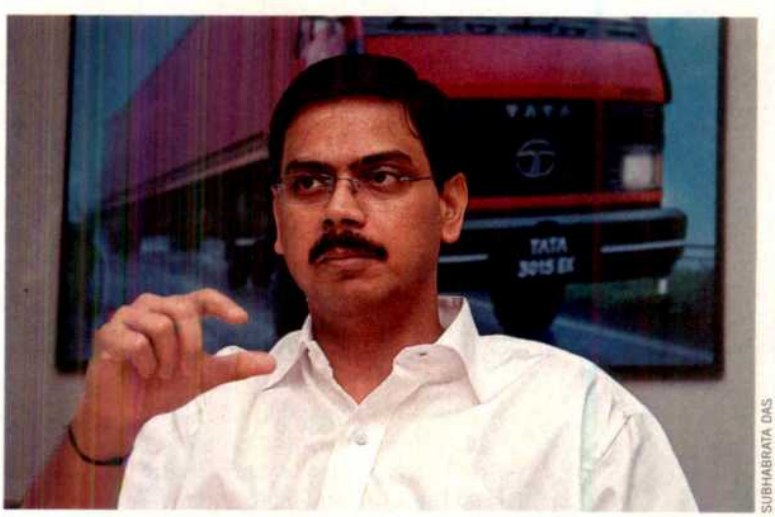
Nano's vital statistics

Engine	624 cc, 34 bhp, rear-mounted
Design	Four-door monocoque
Fuel efficiency	20 kpl
Top speed	105 kmph
Gearbox	Four-speed manual
Length	8 per cent smaller than Maruti 800
Inner space	21 per cent larger than Maruti 800
Safety	Survived frontal crash at 48 kmph
Emission	Bharat III and Euro IV compliant

Source: Tata Motors

GIRISH WAGH
Head, small car project, Tata Motors

"At every stage, we tried to cut costs by reducing the number of parts that went into each component"



SUBHABRATA DAS

TRIBHUWAN SHARMA

SECRET UNVEILED: Three Nanos were shipped to Delhi in utmost secrecy in containers and remained under cover until the night before the launch at the Auto Expo

duction and distribution to compete." Perhaps the most important comment came from Ford's Executive Vice-President John Parker. "It is a groundbreaking product," he said. "The Nano will cause people to think differently about the car. I have a lot of respect for Tata." It seemed like poetic justice that the praise came from the company that had revolutionised personal transportation with the launch of the original 'people's car', the Model 'T', exactly a hundred years ago. Curiously, every 'people's car' has been launched in the eighth year of the decade (as noted on page 36).

However, Tata Motors still needs to align the commercial imperatives behind the car, analysts say. The company has invested Rs 1,700 crore in creating the Nano, which will yield wafer-thin margins. Analysts are concerned the company will have a hard time achieving the volumes before the Nano returns a profit. In fact, Tata Motors' stock has been downgraded by rating agencies on this count as well as concerns over RNT's bid to acquire the Jaguar and Land Rover for $2 billion. Analysts also seem unsure if a company can straddle a spectrum of products that ranges from a $1-lakh car to a Rs 1-lakh car. "That car doesn't have airconditioning, power steering, air bags and other features. Do you dare to buy that kind of car?" Wang Chuanfu, chairman of Chinese carmaker BYD, was quoted as saying at the Detroit Auto Show.

But RNT emphasises that the Nano is not just a Rs 1-lakh car, but a platform that will be used to create further high-end models that will sell for more and yield comfortable margins. Tata Motors will also foray into electric and hybrid cars, using the Nano and its future variants as a base, RNT says. He adds that he has also received invitations from at least two countries to set up Nano manufacturing plants there, which will also help recover the car's R&D costs. More impressive are the intangible benefits RNT's dream car has achieved for Tata Motors. For one, he has put the fear of Indian engineering into carmakers across the world. In a single stroke he has also made the Tata brand known in every corner of the world, something no other auto company has ever done. In fact, the publicity the Nano has garnered globally would be worth more than Rs 500 crore.

The Last Mile

The launch was perfect, but the Nano has to go some more distance before it reaches the customers. The last stage of cost reduction is expected to happen in distribution. Tata Motors is developing an assembly kit for distributors who would stock completely knocked-down kits of the car at warehouses and assemble them on site. Carting CKDs to different parts of the country is expected to bring down costs as more parts can be transported in the same space that a fully built car can be moved.

To enable cheaper assembly at the distributor's end, some parts of the car would be glued together instead of welded. "Usually those who make a small number of cars do such distributed manufacturing," says Wagh. "Sometimes others do it to test the market. For the first time, it would be tried on a large scale." Also, the car is still at the beta stage. Wagh says there would be more tweaking done by the time the first car rolls out of Singur later this year.

Already newly converted cynics are describing the car as revolutionary. The only person not fully satisfied is RNT himself. "It is not as revolutionary as I wanted," he said. "I wanted the car to be made from new materials, use new techniques, in a sense completely re-envisage the way cars are made. In that sense I am still not satisfied," he told *BW*.

For the moment, however, the cute-as-a-bug Nano is the cynosure of all eyes. And Ratan Tata has undoubtedly entered the hall of fame of automobile manufacturing.

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Fight, don't fear, China

by rajeev dubey

THE CLEVER RELEASE OF FICCI'S ALARMING report "Note on Rising Chinese Imports to India" on the eve of the prime minister's departure for Beijing achieved its intended objective. The report thumbed down free trade with China. And a doting government obliged the next morning. Commerce minister Kamal Nath put to rest all speculation over a free trade agreement with China, saying that since China isn't yet a 'market economy', it won't work.

It's impossible to fathom how much the report contributed to scuttling any likely discussion on the FTA. But, myopia has overpowered economics, yet again. An FTA with China, almost likened to the Instrument of Accession, is an even more distinct possibility now that the industry is pressurising the government to put off all discussions on free trade agreements. Larsen & Toubro's Managing Director A.M. Naik, for instance, has sought import duty on Chinese products that forced L&T to stop producing its own products. Trade pact discussions with ASEAN, the European Union, GCC countries, Korea and many others are stuck. Even the next round of negotiations in the Thai FTA, signed in 2004, are painfully slow.

Facts on the ground disprove the theory that an FTA with China could undermine Indian manufacturing

But the irony is that many of those who have exploited the fear of the unknown to work up an anti-FTA frenzy are themselves importing products and components from China. Even without the FTA, China is set to overtake the US as India's largest trading partner. India already buys over 90 per cent of all its coke imports from China, about 75 per cent of tubes & pipes imports and half of transmission equipment for TV and radio.

In products that were earlier imported from China in small numbers, the dependence has gone up remarkably. Antibiotics from China now account for 76 per cent of all imports, against 46 per cent in 2001-02. And vehicle parts and accessories 80 per cent against just 8 per cent five years ago. We now import over $2 billion worth of parts for TVs and radio from China as against $38 million in 2001-02. Import of data processing machines is up from $72 million to nearly $1 billion. Chinese imports accounted for over one-tenth of India's GDP in 2006-07 as against just 1.85 per cent five years ago. China's hold over the market isn't unique to India. It's a phenomenon pervading all global markets that can't be wished away. But other countries have found more mature ways to deal with it.

FICCI's report has concluded that, "this could undermine the growth and widening of the base of the manufacturing sector in India". But facts on the ground disprove this theory. Take the case of the highly feared FTA with Thailand. A study by research body ICRIER has established that the FTA's impact on the domestic auto components sectors has been minimal. Instead, component makers have been forced to cut costs and innovate, making India a preferred place to source components from. There has been far greater consolidation in the components sector post-2004, than there has ever been in history.

Some Domestic players, such as Bharat Forge, Sona Koyo Steering, Mahindra & Mahindra and Tata AutoComp Systems, have not only emerged as global players by acquisitions abroad but are also among the world's most competitive component makers in their areas. Their international client base is larger than ever before and their balance sheets are stronger. Clearly, FTA has helped, not harmed, this sector.

Since Thailand — with whom India signed its earliest trade pact post reforms — was believed to be the test case for domestic companies, the industry's opposition and intense lobbying against other such pacts is intriguing. It raises a question over whether those running these industry bodies are really protecting the interests of small businesses. Or, they are making the best of both worlds by preventing free trade and yet importing products from China where it suits them.

Domestic industry leaders who are trying to generate empathy around the loss of business for local players need to be rapped for coming in the way of India's competitiveness. Their stance may help local business in the short run, but will ultimately prove suicidal in the long term.

If domestic manufacturers aren't up to it, let the Chinese come. Let the Chinese rule the segments they can. After all, aren't the Koreans dominating the Indian consumer durables industry? And yet, the fittest, such as Videocon and Onida, have managed to survive and prosper. If Chinese products are the best products for the best price, so be it. Sub-standard domestic products will die some day, anyways.

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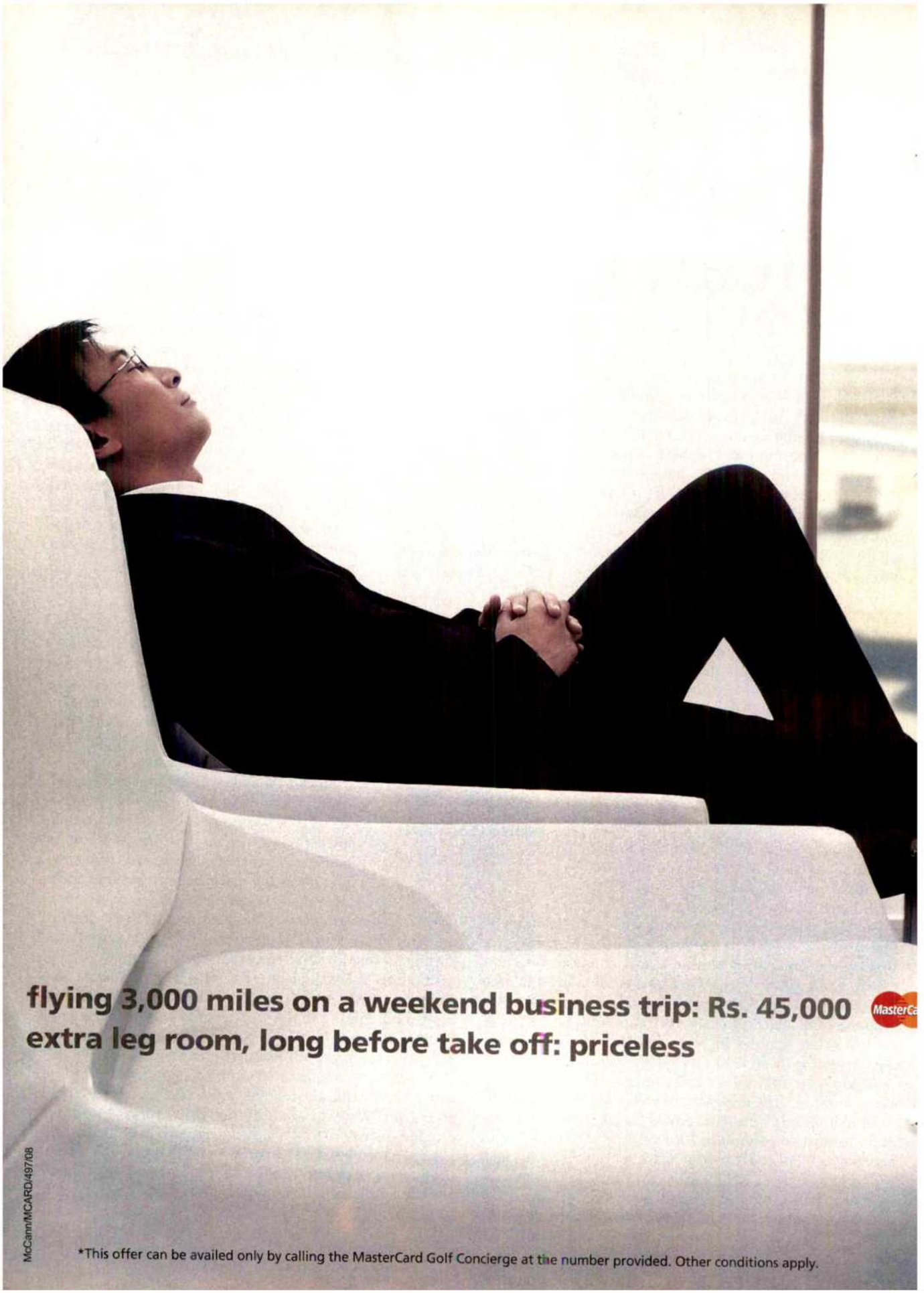
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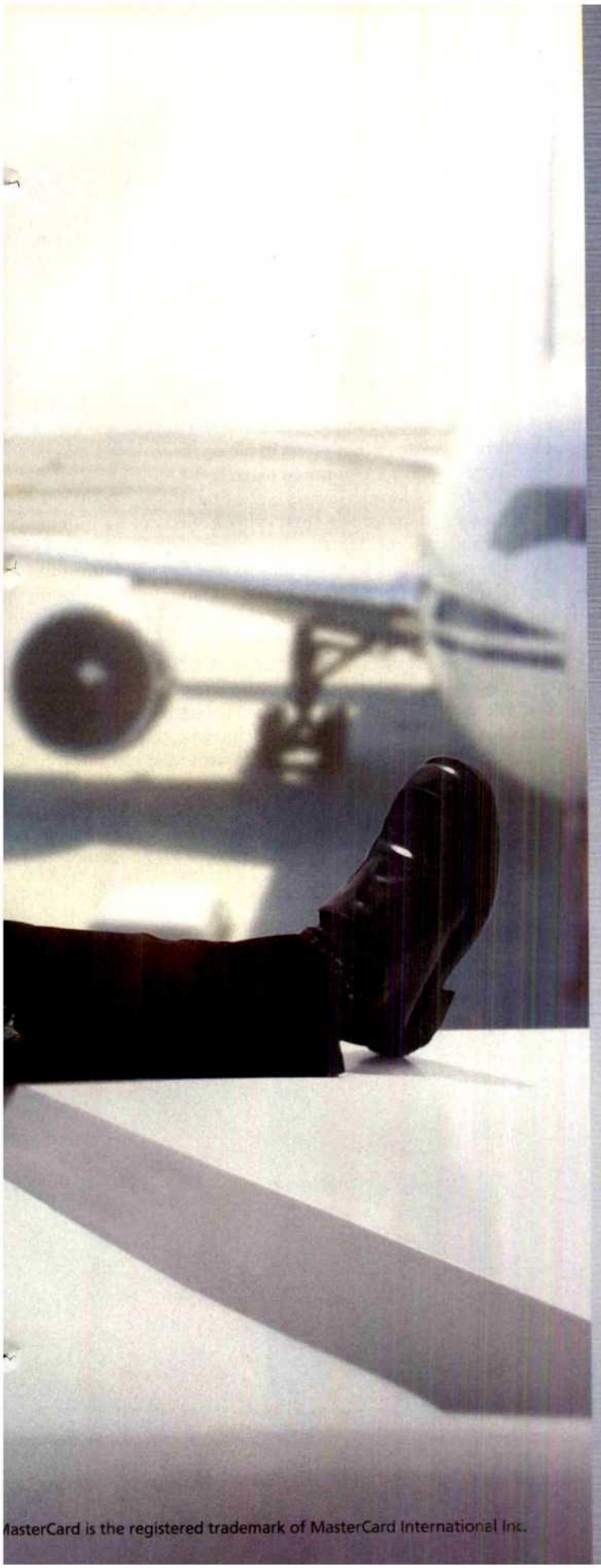

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Of Power And Towers

by Piya Singh

PE deals in infrastructure are getting bigger than ever

IN MARCH 2003, IDFC PRIVATE EQUITY CLOSED ITS first infrastructure-dedicated fund of about $200 million. "At the time, it was quite a coup considering very few people believed in infrastructure," recalls IDFC Private Equity's President and CEO Luis Miranda. Soon, Miranda had promoters lining up with proposals at his office. Some offers were dubious while others were full of execution risks. It took IDFC a year to make its first commitment. The fund also had little experience in the sector. "We invested Rs 100 crore in GMR Energy's power businesses as I was very impressed with the promoter's execution skills," says Miranda. "But we didn't have experts in the power sector and getting approvals and NoCs from banks was difficult. Even though we signed the term sheet with GMR Energy in August 2003, the deal was closed only in March of the next year."

Five years later, Miranda is amazed that significantly larger deals are closed in just a few weeks and investors are even compromising on basics like the due diligence process. "There are entrepreneurs telling me to make up my mind quickly as they have three other potential investors waiting in queue," he adds. Miranda has a point. Last year, according to data collated by global accounting firm Grant Thornton, six PE deals of more than $500 million were struck (see table 'The Big Catch' on page 47) out of which four were in the infrastructure sector including telecom infrastructure and real estate.

This year, deals only promise to get bigger led by the infrastructure sector. For instance, Essar Power that plans to set up three power plants with a combined capacity of 3,600 MW is in talks with several large funds to raise $600 million out of a total capital outlay of $4 billion. Sterlite Power is reportedly looking at raising $1 billion from PE players and financial investors in a pre-IPO placement. The company plans to put up 10,000 MW of capacity across India at a total investment of Rs 40,000 crore. GMR Energy is also learnt to be in talks with funds for some proposed ventures even as the holding company GMR Infrastructure recently raised a billion dollars from a clutch of PE players. Telecom infrastructure also witnessed several large deals last year and this momentum is expected to continue this year. Temasek, Goldman Sachs, Macquarie along with some other PE funds invested a billion dollars in the tower business of

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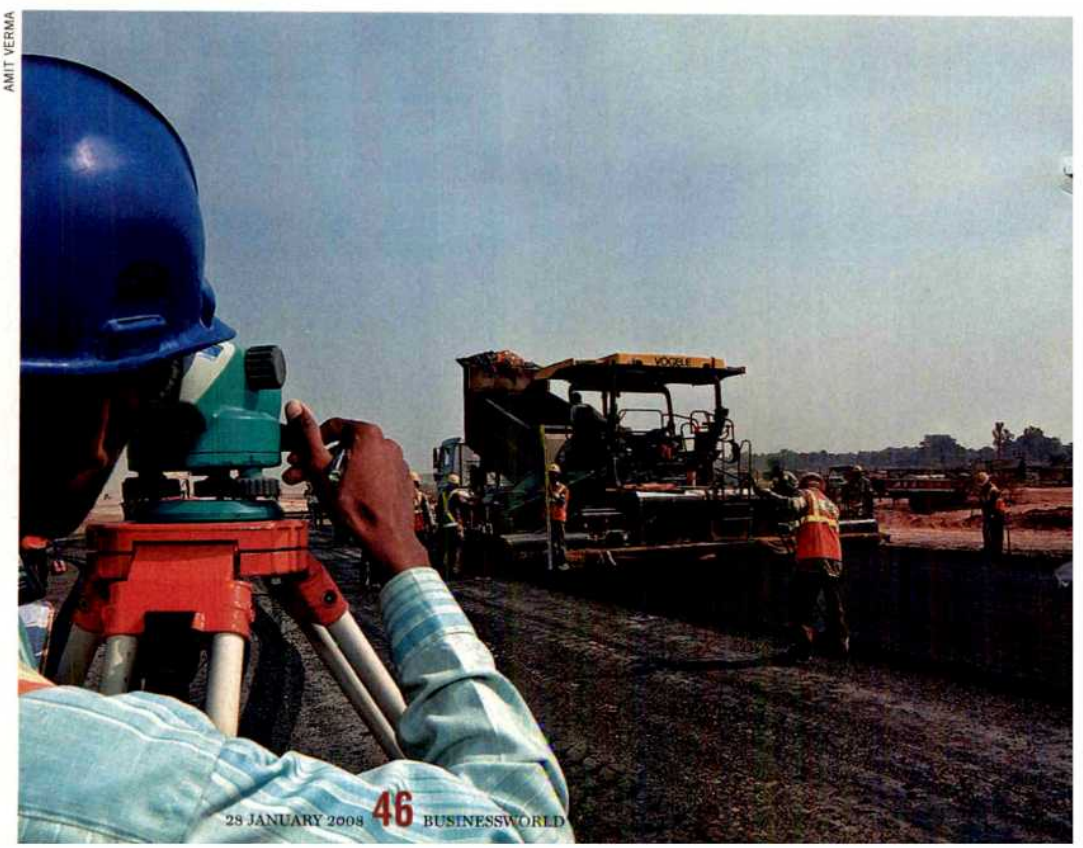

HOLDING GROUND: Private equity's interest in Indian infrastructure is unlikely to wane despite high valuations

telecom provider Bharti last year while the infrastructure unit of Reliance Communications raised $337 million. This year, Tata Teleservices, which also plans to hive off its tower business into a separate entity like Reliance and Bharti, is also expected to raise funds from PE players for its telecom infrastructure business.

This 'power and tower story' may also be responsible for inflating valuations, say bankers. "There is a lot of hype around infrastructure and there's too much money chasing deals. People seem to have forgotten that PE investments in infrastructure can be risky with delays in execution, court case, accidents — all of these have financial implications," says Miranda. Ernst & Young's National Director for Transaction Services Jayesh Desai agrees. "While valuations need to be looked at on a case-to-case basis, in some infrastructure deals, the valuations are unbelievably high".

However, despite high valuations, PE's interest in Indian infrastructure is unlikely to wane. A lot of the momentum is supply-led. PE funds under pressure in home markets such as the US have been focusing on the sub-continent where deals are smaller and so is the amount of debt raised in most transactions. *BW*, in 'The PE Invasion' in July 2007, had estimated that over the next five years, PE funds would be raising about $15 billion in infrastructure investments. Those numbers may swell further. "I expect PE funds to invest much more in India's infrastructure. Out of a total $50 billion of PE funds that I expect to flow into India in the next five years, a substantial portion may be invested in the sector," says JM Financial's Executive Director for Investment Banking, Bhavesh Shah. Besides, the state has liberalised regulations relating to FDI in construction and realty and creation of SEZs, says a recent Grant Thornton report.

However, the momentum in PE is part of that in the entire financial system. According to a recent report by Morgan Stanley's Managing Director, Ridham Desai, called *India Strategy — The future of our business continues to be sparkling*, the country's structural liquidity story is intact and gets reinforced with the passage of time. The report states that it expects savings into equities over the next 10 years to accumulate ten fold over the previous decade's total to $350 billion at the current exchange rate. "The structural liquidity story is also likely to support capital market businesses of investment banking, broking, fund management and investments as we roll into 2008," the report adds. "By 2017, equity mutual funds could be managing $500 billion in assets, the market may be trading over $14 billion in securities, brokerage firms may be generating revenues of $9 billion and investment banks may have $500 billion in cumulative equity issuances."

Despite the big numbers, PE funds may be forced to keep a close watch on returns. It may serve them well to keep their expectations in check even though early movers like Miranda claim to have made seven times their investment in companies like GMR Energy.

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REALTY RULES THE ROOST

Value of investments in infrastructure is among the highest

Sector	No. of deals	% of total deals	Value ($ million)	% of total value
Automotive	8	1.98	150.04	0.79
Banking and Financial Services	60	14.81	3,230.71	16.98
Cement	1	0.25	137.67	0.72
Electricals and Electronics	3	0.74	133.26	0.70
Engineering	8	1.98	262.14	1.38
Hospitality	6	1.48	259.41	1.36
IT and ITeS	67	16.54	744.17	3.91
Media, Ent. and Publishing	31	7.65	999.22	5.25
Oil and Gas	6	1.48	221.34	1.16
Pharma, Healthcare & Biotech	35	8.64	448.67	2.36
Power and Energy	15	3.70	681.51	3.58
Real Estate and Infrastruc. Mgmt	61	15.06	6,764.26	35.54
Shipping and Ports	4	0.99	258.11	1.36
Telecom	10	2.47	3,421.30	17.98
Textiles and Apparels	20	4.94	595.25	3.13
Others	70	17.28	724.13	3.80
Grand total	405	100	19,031.08	100

Source: Grant Thornton

THE BIG CATCH

Private equity deals of $500 million and above in 2007

Acquirer	Target	Sector	Stake	Value ($ million)
Temasek Holdings	Bharti Airtel	Telecom	4.99	1,906.74
Eton Park Capital, Deutsche Asset Mgmt, Capital International, Citigroup, T Rowe Price, Credit Agricole, UBS & Kotak Mahindra, Canara Bank & SBI	GMR Infra.	Real Estate & Infra. Mgmt.	9.00	1,000.00
Temasek Holdings,The Invest. Corp. of Dubai, Goldman Sachs, Macquarie, AIF Capital, Citigroup & India Equity Partners	Bharti Infratel (Subsidiary of Bharti Airtel)	Telecom	10.00	1,000.00
ICICI Venture Funds Mgmt. Co.	Jaypee Infratech	Real Estate & Infra. Mgmt.	N.A	800.00
Carlyle Group	HDFC	Banking & Financial Ser.	5.60	650.00
Avenue Capital Group	SKIL infra.	Real Estate & Infra. Mgmt.	26.00	500.00

Source: Grant Thornton

Squaring Up To Survive

by Vishal Krishna

Small retailers give big retail a run for its money

"TWO YEARS AGO, MY FATHER WANTED TO SHUT HIS family shop," says twenty-something Chetali Keradia, now proprietress of the 70-year-old Karsandas Kanji and Brothers, a 500 sq ft kirana (groceries) store in Mumbai's Fort area. Keradia's 'mom and pop' establishment doubles up as a thriving ticketing and billing centre for the workers of this premier business district, who stop by to pay their utility and mobile bills, and purchase rail and air tickets.

"These value-added services are now contributing to a good portion of their business," says Ajay D'Souza, head of Crisil Research. "No agency has the data to measure the impact of value-added services, but families are innovating to survive."

It is becoming increasingly evident that, unlike in the West, there is ample room in India for both organised and family retail stores. Small stores serve different needs, often on different terms.

"Retail development (in India) will not happen like that in the West. Here, there is a market for organised retail as well as smaller stores," says Pinakiranjan Mishra, retail and consumer practice partner at Ernst and Young (E&Y) in Mumbai. Only 6 per cent of the nation's population will have access to organised retail when that industry lays claim to its estimated $30 billion (Rs 1.2 lakh crore) market in 2010.

OLD VERSUS NEW

In developed countries, organised retail has a bigger market share

Source: EY Research

"The survival of small business vis-a-vis the large format store is simple economics," Mishra adds. He points to how a large section of the population earns just enough to shop at kirana stores. Moreover, organised retail chains are not located close enough to neighbourhoods, nor served by good public transport systems.

Take A Look At Me Now

"Kirana stores will survive in India because the country is still agrarian and our services help them create new customers," says Unnikrishnan Nair, chief marketing officer of Easy Bill in Delhi. A ComScore report pegs India's internet penetration at 22 million users — not more than 3 per cent of the total population as of 2007. Decades ago, when family stores offered to pay bills or book gas cylinders in some cities, they relied less on technology and more on relationship building, serving an existing need, rather than showing an easier way out to a general and new clientele.

"We realised that small retail chains have customers who have no access to technology," say Paresh Rajde, Suvidhaa Infoserve's managing director in Mumbai. "So, introducing bill payment, collection of insurance premiums and e-ticketing service in the kirana store made sense for our growth." Technology and bill payment service providers plan to cover 10,000 kirana stores across India in the next three years.

Easy Bill's bar-code scanners and Suvidhaa's online model leverage technology to sell more tickets and collect more bills in a given area. The retailer gets 80 per cent of the service charge levied on every air or rail ticket booked by a customer at his store, which can be Rs 10-50 per ticket. Also, the retailer gets Rs 2.50 for every utility bill that gets paid in his store.

"I had to invest only Rs 40,000 as a deposit and Rs 15,000 for the scanners. I recovered this investment in one year," says P. Solomon, co-owner of 50-year-old Joseph Stores in Mumbai's eastern suburb of Andheri. "Everyday, I make Rs 250 from bill payment services. People come in to my store and buy other products. This way my family builds its business."

When *BW* covered 20 stores with an average store space of 600 sq ft, across the Western and Central suburban railway lines of Mumbai, robust family businesses were found joining hands with service providers such as Suvidhaa and Easy Bill. "Now I can pay my bills at my doorstep," says Mrs Gazdar, a 50-year-old customer of Vijay Stores on Cumballa Hill.

With an average turnover of Rs 2.50 lakh a month and operating profits at approximately Rs 70,000, small stores are earning anywhere between Rs 10,000 and Rs 12,000 a month on

SUBHABRATA DAS

value-added services.

Just Round The Corner

Local shops survive because of unique local needs. They thrive when they innovate. For instance, Sonjoy Superstore in Delhi's Chittaranjan Park benefits from the strong presence of senior citizens in its area. "The primary competition we face is not so much from organised retail stores but from our peers," says proprietor Shubhroto Mallik. "To address that, we started a ticketing service which, in 2004, branched out to a full-fledged shop. Our ticketing and tour planning services work well for our senior citizen community." They also offer the use of Xerox machines and printers for a small fee.

The real driver for the Indian retail sector has been the bottom 80 per cent of the first layer and the upper half of the second layer of the income map (see "The Spenders' on page 51). In this segment, around 40 million households with salaried employees and self-employed professionals earn between $4,000 (Rs 1,60,000) and $10,000 (Rs 4,00,000). Their numbers are expected to grow to 65 million by 2010. This will be the market that organised retail would be looking to capture. The rest of the 300 million Indians living in urban areas will only access the neighbourhood kirana store and may occasionally sample organised retail chains.

When the late R.S.Khurana started Khurana Stores in Delhi's Kalkaji area in 1954, it was to serve the then upcoming housing societies. A great deal has changed since. "Organised retail has done nothing to affect my business. Certainly, customers will go there to check it out once, but they always come back," says grandson Dipin Khurana, who now runs the store, and has seen generations of customers since his childhood. To innovate and compete, Khurana has started a telephonic recharge for cellphone credit: he accepts the amount a customer wants to add to his prepaid balance and calls the service provider to get this done.

The Friendly Neighbourhood Store

But some things never change, and most small stores are depending on that. At the fast-expanding IT-driven new suburb of Velachery in Chennai, Latha Supermarket is celebrating its ninth anniversary. "What we have, no large store has. You see, when you come to my shop, I am available," says proprietor P. Chandrakumaran. "I personally supervise everything to

BILLED TO BE BIG: Bill payment service providers plan to cover 10,000 kirana stores across the country in the next three years

EXECUTIVE SUMMARY

- There is ample scope in India for both organised and family retail stores to co-exist
- However, small retail stores are innovating to face the challenge from big companies

make sure you go back satisfied. You are very important to me, far more important than you are to the hired staff of a large store. So, though it's like living in a fragile glass house now, we expect that we will not lose our customers."

"We are more personal and remember the names of our customers," says 55-year-old Chunilal Cheda, who runs the 32-year-old Niti General Stores in the posh suburb of Andheri in western Mumbai. "People are now coming back to us because they don't want to travel long distances to organised stores, and finding parking space is a problem in Mumbai."

At the redoubtable Salaam Stores, opened in 1945 in the centrally located Pondy Bazaar of Chennai's T Nagar, the only concession to change has been a self-service layout renovation at the turn of the millennium. "The large stores are one more change, and we have seen many," says owner V.K. Rahman. "Our customers may go elsewhere to buy branded products but they still come to us for dals, shikakai, dried chillies, spices, gur, tamarind, etc. We offer the highest quality, and that is our strong selling point."

The five-year-old no-frills and neat Adyar Departmental Stores in South Chennai's Sasthri Nagar is, for example, thriving despite being within a 10-minute driving distance of Reliance Fresh, Subhiksha and Spencer's Daily outlets. At the perpetually bustling 800 sq ft establishment, every item on sale, right down to a packet of branded bread, can be had for less than the MRP (maximum retail price).

QUALITY WARS: Competition will be healthier if organised retail grows by 20-25 per cent as small stores will also scale up

TRIBHUWAN SHARMA

"We cut down our margins to about 8 per cent; larger stores will not settle for less than 20-25 per cent," says proprietor T.S.R. Balamurugan. He manages his small shop by replenishing stocks from a godown on the hour. He is also willing to deal with small-scale industries supplying quality products at fair prices, such as butter biscuits, appalam (pappad) or phenyl. "They won't get past the door at the large stores," he says.

However, small stores encounter increasing difficulty in retaining manpower. Chandrakumaran agrees. "Retaining labour has become our biggest problem, as we can't afford the wages large stores offer, not on our margins," says Chandrakumaran. A CRISIL report puts the real estate and labour cost of kirana stores at only 2 per cent. For organised retail, they could be as high as 14 per cent.

Cheda says that the discount-driven FMCG business in organised retail is based on volumes, which kirana stores cannot reach. His turnover is Rs 12,000 a day. "I am dependent on the distributor for margins. If the FMCG company corks the distributor's margins, my margins will be affected in turn," says Chheda.

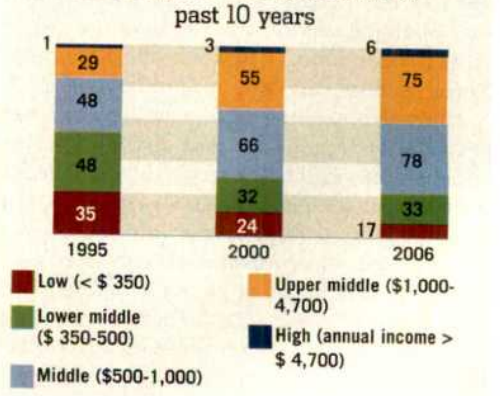
Be Small, Think Big

The E&Y report expects organised supply chains in the food and grocery business to offer better prices to customers. Thirty-five per cent of Indian consumption is fed by food and grocery items, amounting to Rs 74,210 crore. It accounts for more than half the total retail market in India, and is growing at 3.5 to 4 per cent annually. Of this, organised retail represents just 1 per cent of the total market. It has the lowest penetration level among all major categories in the retail sector.

Even so, the entry of organised retail has affected mom-and-pop grocery stores, especially

THE SPENDERS

Income groups in India over the past 10 years



Figures above bars are million households

Source: EY Research

in fruit and branded products. "Organised retailers can source directly from farmers and FMCG firms," says 35-year-old Ganesh Aenugandula, who owns the 500 sq ft Kannamwar Stores in Mumbai's Vikhroli suburb. "Here we are hit, since we have to go to a distributor."

"We are yet to see city-based family retailers or the small stores, in a radius of 2 km come together and ask a distributor to give them a consolidated supply chain. But this will eventually happen," says Mishra of E&Y. He adds that only 64 per cent of large retail companies in the country have organised supply chains.

Nevertheless, the march of organised retail has not exactly thrown kirana shops into a tizzy. "There is not much of an impact. In fact, business is only growing," says S. Gnanadurai, who has been running a small store in Chennai's Velachery for the past three decades.

An E&Y study — 'Winning with intelligent supply chains' — notes that the last decade's booming economy has increased the number of upper middle class and middle class households by 158.6 per cent and 62.5 per cent, respectively, raising purchasing power considerably.

It is cautious optimism that's helping most stores. "We provide a personal touch. But customer preferences are changing fast. We have to keep pace," says an official with A. Rangaswamy Chettiar and Sons, a mid-sized traditional departmental store in Coimbatore.

There are still miles to go in the battle where change is the only armour. "They (family stores) have to start paying value-added tax on the incremental benefit that they derive from margins offered on products. The VAT rate could be between 4 and 12 per cent," says Mazyar Kotwal, director of advisory services at KPMG in Mumbai. Indeed, stores like Gnanadurai's in Chennai already charge VAT as well as incremental VAT on customers, just like any other modern retail outfit, but this is a rare exception.

Studies expect organised retail to win 20 per cent of the Indian market in 10 years. Currently, it holds only 5 per cent of the total retail market, valued at $280 billion (Rs 11.2 lakh crore).

"Competition will be healthier if organised retail grows by 20-25 per cent, as mom-and-pop stores will also move up the value chain by innovating," says Kotwal of KPMG.

While noting that the market is large enough for all players, big and small, organised retailers that *BW* approached were unwilling to comment on how well small family stores will survive the advent of organised retail.

In the end, the customer is King. At Chennai's Virugambakkam, AP Stores is a nondescript shop tucked away in the congested Vembuliamman Koil Street. Here, each client is assigned a number and given points, on the basis of which gifts or cash back offers are given on every purchase. Sumathi Chandru, a housewife in one of the high-rise residential complexes nearby, drives 15 minutes to Big Bazaar in Saligramam on Wednesdays or weekends, when bargain offers can be had ("Big cauliflowers for Rs 10 when it's Rs 18 outside."), but is otherwise happy to call AP store as generally, "The prices are the same, after all".

As they adapt and innovate across India, responding variously to unique local needs in ways only they can, small stores are proving to be smart Davids, quite happy to live alongside the Goliaths, if not defeat them.

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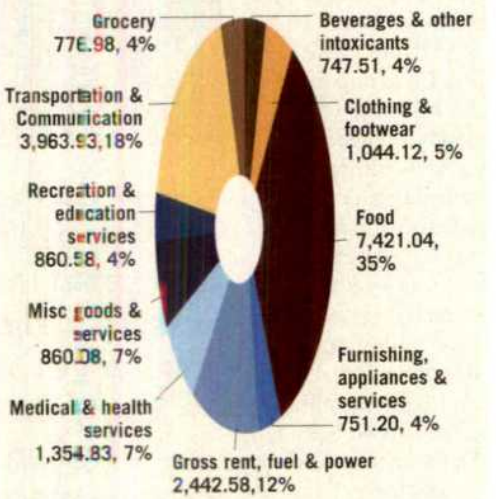
With inputs from M. Allirajan and Manashwi Banarjee

SUBHABRATA DAS

SMALL WILL STAY: Customers may go to big stores to buy branded products but they come to small stores for daily needs

WHERE THE MONEY GOES

Consumption pattern in India



Figures in Rs billion

Source: EY Research

Pop Go The Bubbles

by william pesek

LEAVE IT TO CITIGROUP TO SETTLE THE RAGING debate about the true might of China's economy. The debate was prompted by a recent World Bank report claiming the world's No. 4 economy is far smaller than believed. The new calculation, based on purchasing-power parity, found that China produces 40 per cent less output than previous estimates.

The largest US bank is proving wealth speaks louder than statistics. Citigroup may be turning to the cash-rich Chinese government for a handout, joining other household names like Morgan Stanley. It would be the latest sign that China is, according to Joseph Quinlan, chief market strategist at Bank of America Capital Management, 'America's Financial Sugar Daddy'. First came its $3-billion investment in Blackstone Group. Now, 'communist' China is routinely bailing out the masters of the financial universe.

China is hardly Wall Street's only saviour. Singapore's Temasek Holdings tossed a $5-billion life preserver at Merrill Lynch. And now, after a $7.5-billion investment from Abu Dhabi Investment Authority, Citigroup may be getting a cash infusion from China and Saudi Prince Alwaleed bin Talal.

On the surface, all this back-scratching makes sense. Asian and Gulf governments face a kind of embarrassment of riches and are open to buying into Wall Street at fire-sale prices. In the West, subprime mortgage losses have drained the capital Citibank and others keep as a cushion against bad loans. Yet, such transactions of convenience are joining together three bubbles: China's economy, oil prices and Wall Street's hubris.

The Chinese bubble that gets the most attention is stocks. The CSI 300 Index climbed 162 per cent last year, even as officials took steps to calm the market. In 2007, the names of three Chinese banks and the word 'stocks' beat 'sex' to become four of the most 'Googled' words in China.

Another bubble is a stockpile of currency reserves, approaching the equivalent of Brazil's annual gross domestic product. Economists are wondering about troubles elsewhere. Officials, worried about inflation are freezing price increases of oil products, natural gas and electricity.

As the world's bubbles intersect, the challenges of the global system become more complex

Oil prices near $100 per barrel seem emblematic of the surge in commodities. Prices for everything from grain to gold to zinc are being driven higher by the rise of China, India and other developing powers and speculation in markets. While the commodities boom is crimping global growth, its proceeds are enriching resource-rich nations.

Saudi Prince Alwaleed's consumption patterns say it all. He's buying his own Airbus SAS A380 superjumbo jet for personal use. That $319-million purchase is being financed by a lack of energy conservation and efficiency around the globe.

And then there's Wall Street's hubris bubble. Banks sold risky loans to Americans least equipped to understand or handle them. Then Wall Street systematically packaged that risk in ways that hid the dangers. Even as things unravelled, experts lined up to say the turmoil would be 'contained'. As if.

The connecting of these three bubbles raises the stakes for the global financial system. Here's but one example: If China overheats or its stocks plunge, Wall Street shares could take a hit as investors bet on an end to bailouts from China Inc. Or if Wall Street's hubris resulted in even more bad loans, China's stocks could take a hit as investors mull the fallout for Asia's No. 2 economy.

The intermingling of a Wall Street on the ropes, a China on the verge of overheating and obscene oil wealth is creating a brave new world of finance. Indeed, the thrust of Aldous Huxley's *Brave New World* dovetails with what's currently unfolding in global markets. The motto of the world Huxley created — community, identity, stability — isn't all that unlike what people from Federal Reserve Chairman Ben Bernanke to Citigroup Chief Executive Officer Vikram Pandit to Chinese President Hu Jintao are trying to achieve.

Bernanke and Pandit are interested is the stability of the global financial community. While Hu shares that goal, he's also interested in creating a more global identity. This is China's moment, not only to spread its 'soft power' but also its influence over the global economy's biggest players. A bigger say in the International Monetary Fund is one thing; pieces of Citigroup and others are nice to have, too.

As the world's bubbles intersect, the challenges of the global system arguably become more complex. It will be interesting to watch them co-exist, feed off and perhaps even reinforce each other in the months ahead — or frightening.

William Pesek is a columnist for Bloomberg

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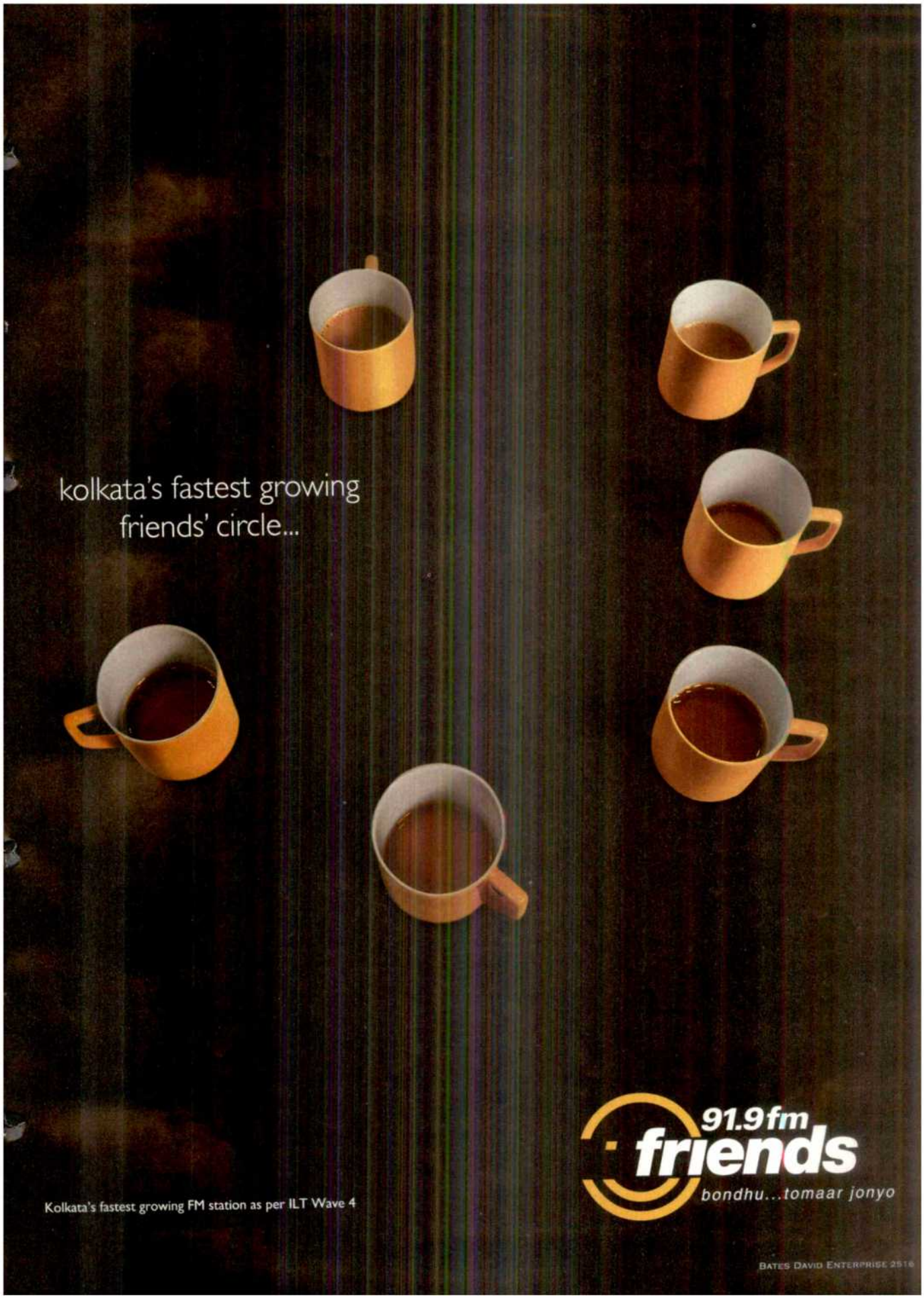
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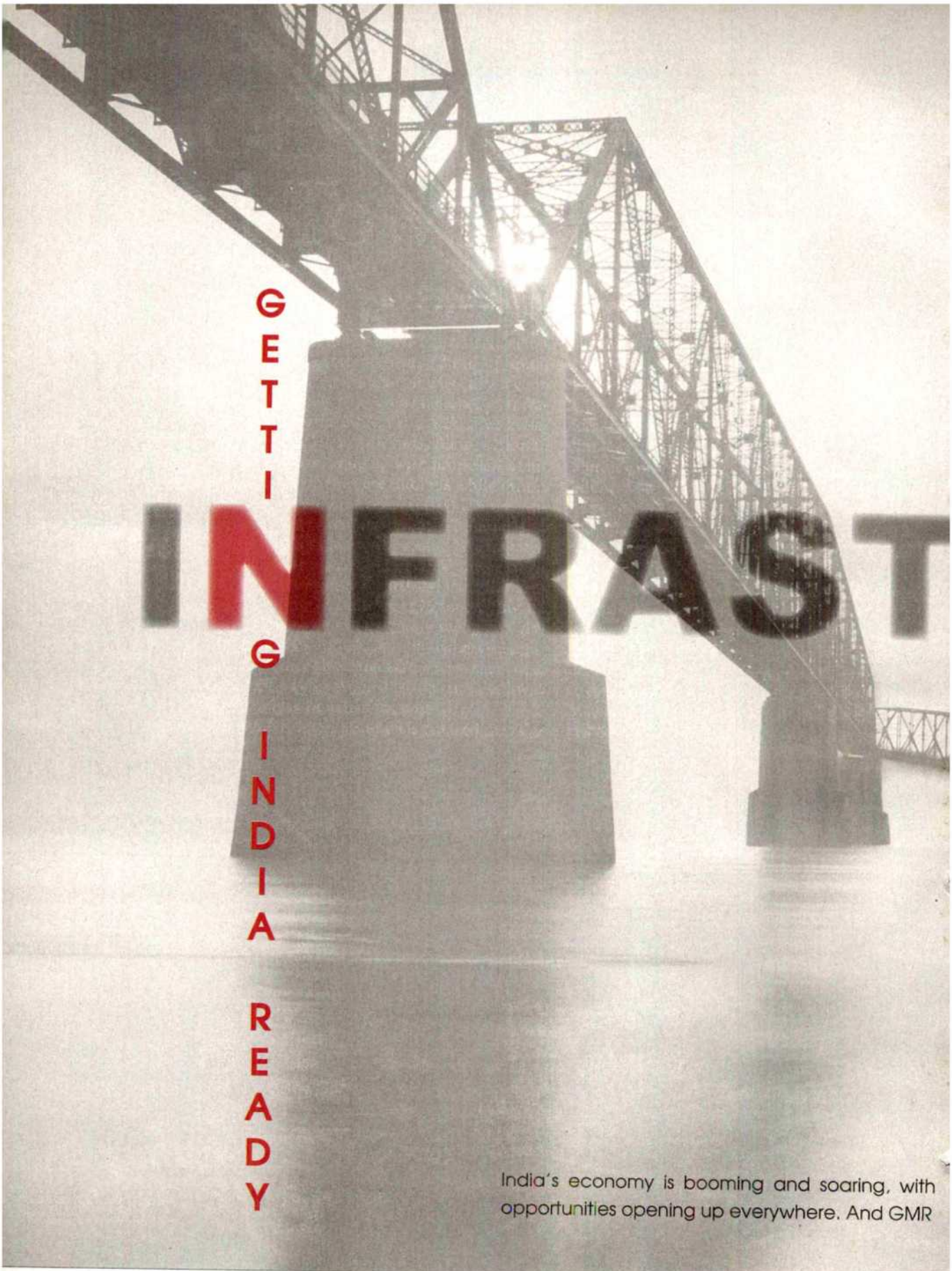

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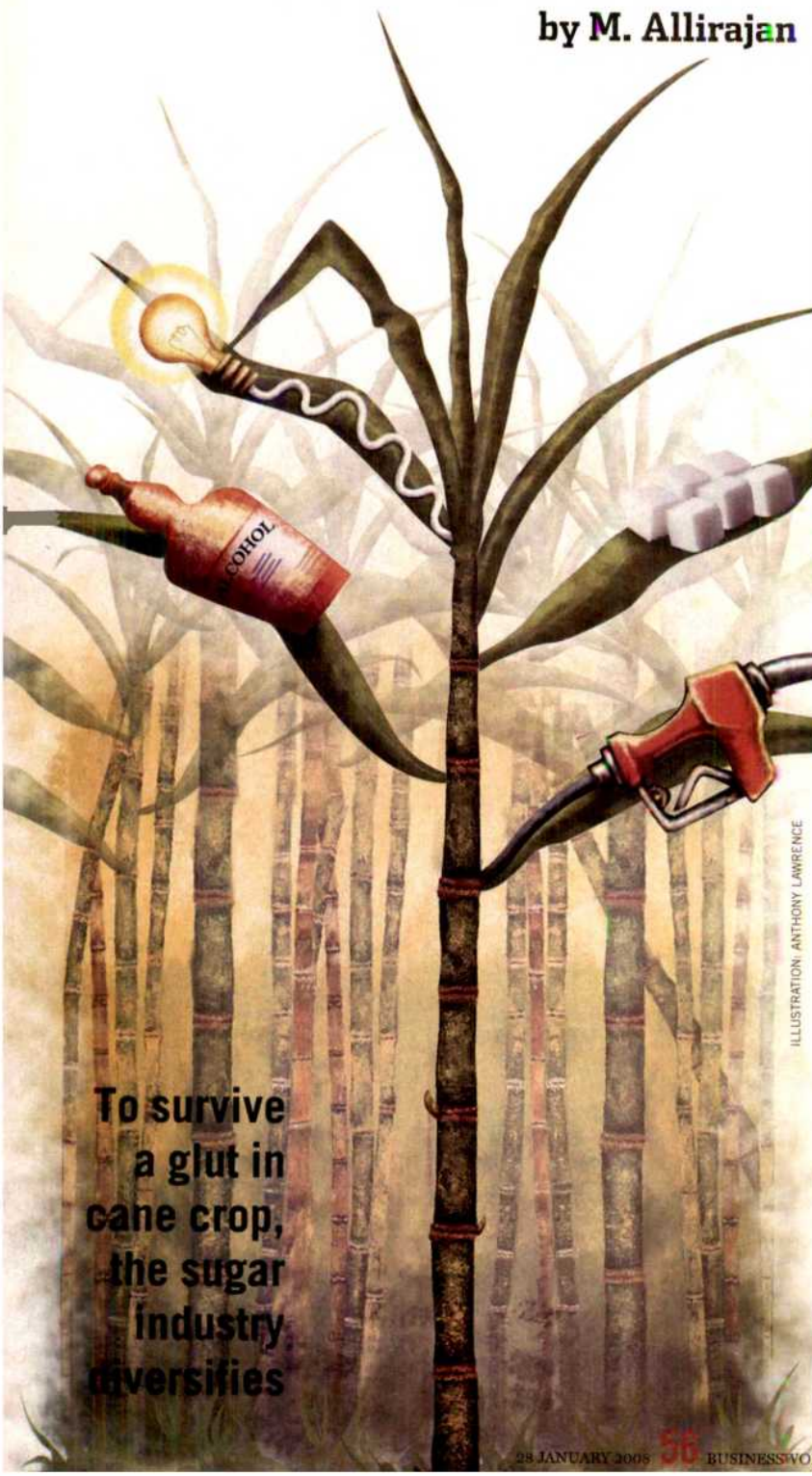
Sweet Options

by M. Allirajan



To survive a glut in cane crop, the sugar industry diversifies

ILLUSTRATION: ANTHONY LAWRENCE

TWO YEARS AGO, BEING A SUGAR COMPANY IN INDIA was a sweet proposition. Global prices for sugar were going through the roof, demand was strong and the monsoons were plentiful and on time, assuring record crops of sugarcane.

It seemed improbable that this fairy tale for sugar producers would last, and it did not. In the last two years, prices have collapsed due to a global glut. From being one of the world leaders in sugar production, along with Brazil, the Indian industry has deeply imperiled itself due to faulty government policies and an inherent inflexibility to diversify.

Still, while sugar companies in the north of India, specifically Uttar Pradesh, are struggling to survive, a whole new transformation is taking place in the south of India as companies are exhibiting a Darwinian ability to adapt, morph and survive by exploring different product mixes and alternate sources of revenue. So much so that many of these are looking less like traditional sugar companies and more like alternate energy companies of the future.

Sugar Isn't The Only Sweetener

Sugar has proved itself to be a volatile commodity with regular boom and bust cycles. Moreover, while sugar is growing at a measly 3-4 per cent, the demand for ethanol has virtually doubled in the past year and the market for power is surging. What's more, margins from renewables (ethanol and power from bagasse) are more than 30 per cent as against 15 per cent for sugar in a normal year. This has proved to be a godsend for companies in the south looking to branch out into other operations to keep afloat. Says M. Manickam, managing director of Coimbatore-based Sakthi Sugars, "The way forward is a balanced portfolio of sugar, alcohol and power, which will enable factories to be profitable and pay farmers a remunerative price."

Belgaum-based Shree Renuka Sugars (SRSL) has already ditched its sugar focus, has quickly established itself as the largest supplier of fuel ethanol (20 per cent market share) in the country and is on track to transform itself into more of a full-fledged bio-fuel company. After buying ethanol equipment maker KBK in July, the company is increasing ethanol capacity by 15 times to 900 kilo litres per day by 2009, and aims to bring its sugar revenue to 50 per cent. "We are moving towards bio-fuels and bio-energy as demand is booming," says Narendra M. Murkumbi, managing director of SRSL.

As India's power requirement continues to surge, a few sugar companies have discovered

High Sugar Levels

Global and Indian sugar production has peaked in recent years causing a sharp dip in prices.

Country	Mktg year	Beginning stocks	Production	Imports	Supply	Exports	Total use	Ending stoc
India	2005-06	4,280	21,140	50	25,470	1,510	19,785	4,175
	2006-07	4,175	30,640	0	34,815	1,800	21,500	11,515
	2007-08	11,515	31,780	0	43,295	3,000	23,000	17,295
World	2005-06	32,850	144,860	46,062	223,772	49,741	142,967	31,064
	2006-07	31,064	164,066	45,597	240,727	49,810	149,385	41,532
	2007-08	41,532	167,116	43,345	252,493	50,835	155,009	46,649

Figures in 1,000 metric tonne (raw value); Supply= beginning stock+production+imports

Sources: Foreign Agricultural Services and US Department of Agriculture

Indian data includes production of *khandsari* sugar, a native type, semi-white centrifugal sugar.
Estimated output of *khandsari* sugar in thousand of metric tonne (raw value equivalent):

2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
683	714	590	620	683	683	500	4,25,000

that co-generation is a perfect way to balance their products and add to their revenue base.

For Instance, until November 2003, Sakthi Sugars was purely a sugar company with its entire revenue coming from sale of the commodity. Now, however, it is installing co-generation facilities in all its factories in the south. It has invested Rs 260 crore for ramping up co-generation capacity from 35 MW to 120 MW.

SRSL, too, is increasing co-generation capacity six times to 129 MW. Chennai-based EID Parry, one of the largest sugar producers in the country, is also converting its factories into integrated sugar complexes to de-risk from the cyclical sugar business. The company is setting up a 20-MW co-generation plant at its Pettavaithalai unit in Tamil Nadu, besides putting up distilleries at Pudukottai and Sivaganga to produce value-added products from molasses.

Bannari Amman Sugars, another major player in the south, was perhaps the first to see the virtues of less reliance on sugar. The company built integrated sugar complexes much ahead of its peers. As a result, revenue from sugar constitutes only a little more than 60 per cent of overall income from operations in the first half of the current fiscal.

Moving into the power arena makes sound business sense. Companies can get Rs 3.15 for every unit of electricity they generate. Moreover, soft loans are available under the sugar development fund to encourage co-generation at an attractive 4 per cent interest rate.

So what is the ideal revenue mix for a sugar company in these fast changing times? Typically, the company should get 40 per cent of its business each from sugar and ethanol and about 10 per cent from co-generation. Ideally, a 3,500 tonne of cane crushed per day (tcd) factory should have 20 MW co-generation facility and 50,000 litres per day of distillery capacity.

Ethanol Demand To Peak

Demand for ethanol in India is likely to grow in the next few years.

Item	2006-07	2007-08	2008-09
Demand for industrial use, potable alcohol	1,477	1,515	1,550
Demand a 5 per cent blend in gasoline	682	741	808
Demand a 10 per cent blend in gasoline	1,364	1,482	1,616
Total demand @5 per cent	2,159	2,256	2,358
@10 per cent	2,841	2,997	3,166

Figures in million litre

Source: Industry and Global Agriculture Information Network, USDA

In some ways, the crisis in sugar has been a positive development — perhaps even a boon — forcing businesses to diversify when they might not have been done so if times were rosier. For this, they have to thank the state governments which ensured farmers very high prices for their crops, resulting in farmers using more land for sugarcane. This caused a huge rise in cane production in the past two years and a closing stock enough to meet consumption for more than six months. "Currently, the Indian sugar industry pays the highest cane price in the world while realising the lowest sugar price," says P. Ramu Babu, managing director of EID Parry.

North-South Divide

While the southern mills have made headway in dealing with the crisis in innovative ways, the mills in north India seem reluctant or unable to change much with the times. They are changing but they have been slow and started it much later compared with their southern peers. UP-based mills still get about 90 per cent of their revenues from sugar (see 'More Sugar Than

More Sugar Than Spice

Mills in north India are still getting most of their revenues from sugar.

Company	Net sales	Net profits	Revenue mix (%)					
			Sugar	Ethanol	Industrial alcohol	Power	Trading	Others
Shree Renuka Sugars (year ending 30-9-2007)	950.6	83.0	68	5.30	—	6.2	20.5	—
Balrampur Chini (year ending 30-9-2007)	1,394.81	-47.29	78.38	9.25	—	12.24	—	0.13
Bajaj Hindusthan (year ending 30-9-2007)	1913.70	-9.37	90	9.8	—	—	—	0.20
Sakthi Sugars (year ending 31-07-2007)	671.57	30.18	69.8	—	11.9	11.7	—	6.6
Bannari Amman (year ending 31-03-2007)	666.51	90.28	64.8	—	8.6	20.9	—	5.7

Figures in Rs crore

Sources: NSE, BSE and *BW* research

Spice' on page 72). While Bajaj Hindusthan, the country's largest sugar company, gets about 90 per cent of revenues from sugar, Balrampur Chini, another behemoth, derives around 80 per cent from the commodity.

The high state advised price (SAP) in UP and lack of diversification are the major reasons for the perilous state of north-based mills. The SAP in Tamil Nadu for the 2007-08 season linked to a sugar recovery of 9 per cent is Rs 1,034 a tonne but in UP it was fixed at Rs 1,300.

The SAP at Rs 1,300 brings the cost of sugarcane to Rs 13.60 per kg at 9.6 per cent recovery (excluding purchase tax, society commission and transport). This is higher than the price of sugar itself — Rs 12.50 per kg. As a result, sugar mills owe around Rs 1,400 crore as arrears to the farmers. The court has reduced the SAP to Rs 1,100, but the damage has been done.

Mills in the south also get to crush cane for more than 200 days compared with about 160-180 days in UP. "Companies based in the north are focusing more on exports and have not diversified much," says Amol Tilak, research analyst at Kotak Commodity Services.

Apart from diversification, southern mills have several added advantages. The major factors include higher recovery rates, statutory minimum price (Rs 81 per quintal) and lower SAP in places that follow the latter as price fixing mechanism and diversification. The average recovery, for instance, is about 9-10 per cent in Uttar Pradesh while it is significantly higher at 12-13 per cent in southern states and in Maharashtra. In other words, a tonne of sugarcane yields 1.3 quintals of sugar in these areas but UP mills produce only around 100 kg.

Still, giants like Bajaj Hindusthan are being forced to change with the times. The company has big plans for co-generation and will sell 90 MW power. Bajaj also wants to further diversify its product line with a foray into making medium density fibre boards and particle boards.

"A big shift towards non-sugar is happening this year," says Rakesh Bhartia, CEO of Bajaj Hindusthan. The company is investing Rs 250 crore for the 2.1 lakh cubic metre boards foray, which would provide a stable revenue stream of about Rs 300 crore. "There is a huge demand for boards, which is being met through imports," says Bhartia.

Despite these efforts, Bajaj has a long way to go. It will realise only around 15 per cent of its revenues from non-sugar businesses in 2008-09. Its cross-state rival Balrampur Chini, however, has increased distillery and co-generation capacities considerably in recent times. The company is establishing a host of integrated sugar complexes in UP. Though the company has made a decent start, it has a lot to do in order to attain that ideal revenue mix.

Policy Hurdles

While southern companies remain leagues ahead of their northern counterparts, other problems continue to shackle the industry. In Tamil Nadu, the ethanol programme has not taken off. Though the centre has done away with controls, molasses and alcohol continue to be highly regulated in the state since alcohol is a major revenue earner for the government.

With ethanol allotments not happening and molasses movement remaining regulated, the sugar industry is saddled with high molasses stock and low prices (around Rs 200 per tonne). There are no takers because of the huge oversupply, says an industry official.

The fortunes of the sugar industry seem to be unravelling very much like a Darwinian saga. The death blows of government pricing policies, global competition and inherent volatility in sugar has imperiled the fortunes of Indian firms. While southern companies such as SRSL have adapted nimbly to existing conditions, reinventing themselves as new-energy companies, their northern counterparts are still lumbering to their feet.

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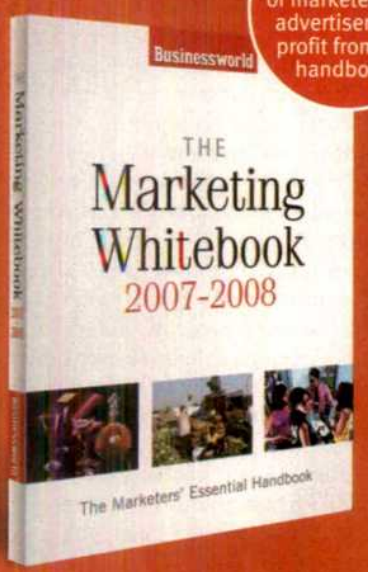

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Danger Zone

by Pierre Mario Fitter & Sumati Nagrath

Why India's prosperity must spread to its neighbourhood

SOUTH ASIA HAS NOT HAD A VERY GOOD START TO 2008. Blasts in Pakistan following Benazir Bhutto's assassination have killed 30 people. The 2 January attack on a Sri Lankan army bus, by Tamil Tigers, prompted the country's government to withdraw from the six-year old ceasefire. Three countries have already had serving politicians attacked. If all this wasn't so familiar, it would be frightening.

But maybe it should be. Almost all of India's neighbours have appeared in the top 25 of the Fund for Peace's 'Failed States Index' for three years running. The US's Federal Bureau of Investigation regards Sri Lanka's LTTE as the world's most dangerous terrorist group — ahead of even Al Qaeda. Burma's citizens continue to wilt under its military dictatorship, as ethnic tribes battle the army. Nepal's Maoists have overthrown its king after the government was forced to revise the constitution. Bangladesh runs under a caretaker government as its two main political parties fight for control.

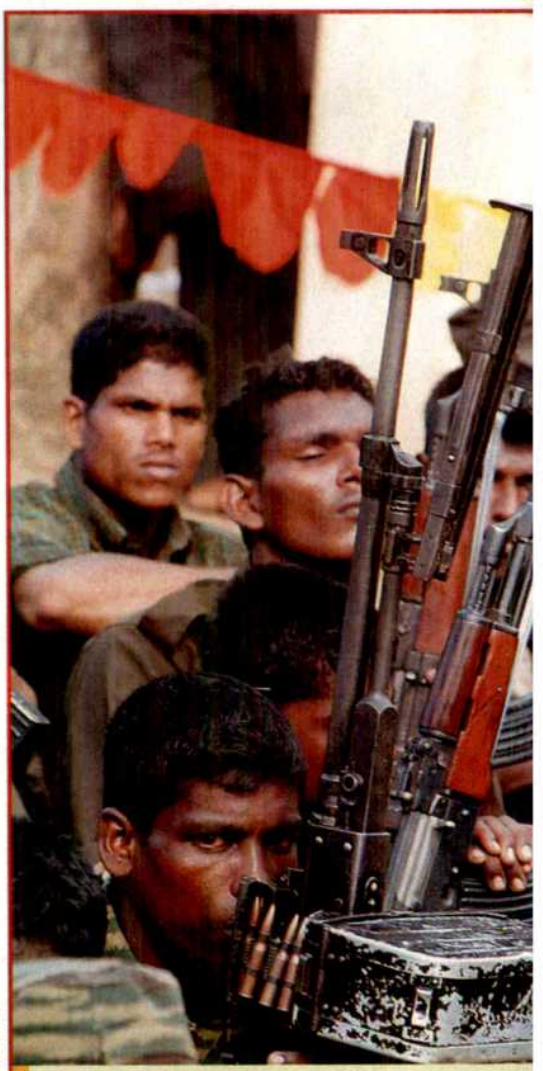
It gets worse. Both *Newsweek* and *The Economist* have, in the past three months, labelled Pakistan the most dangerous country in the world. But terrorism is only one of Pakistan's problems. The riots following Bhutto's assassination caused a loss of $200 million and a fall of 4.5 per cent in the Karachi stock exchange. Coupled with a fall in the Pakistani rupee and the drying of capital inflows, this could have serious long-term economic implications for Pakistan.

The Need For Stability

India exists in a dangerous neighbourhood. And it is in this dangerous and unstable neighbourhood that the country's economy has to continue growing. "India's growth can only be secured if we create a stable and secure environment, both internally and externally," says Sujit Dutta, senior fellow at the Institute of Defence Studies and Analysis, a think-tank on security issues. India's former foreign secretary Shyam Saran, echoed Dutta's view in a speech in 2005 in Delhi. "In defining one's vital national and security interests, a country's neighbourhood enjoys a place of unquestioned primacy," he said.

If there is a positive to all this gloom it is that the problems of violence and political instability in South Asia have not yet completely turned back the clock on development. "An impression that all is lost is not correct," says General Ved Prakash Malik (retd.), who was the chief of army staff during the Kargil war.

For him, the way South Asian countries function, is paradoxical. "If you look at economic growth in South Asia, it seems completely delinked from political processes. That is unusual," says Malik. Pratap Bhanu Mehta, president and chief executive of the Delhi-based think-tank Centre for Policy Research, agrees. "Our neighbours may be politically unstable and volatile but this has not necessarily translated into the economic downturn that would be expected," says Mehta. "In fact, most South Asian countries have performed well on most



REUTERS

SRI LANKA: LTTE is considered the world's most dangerous terrorist group by the US's FBI

EXECUTIVE SUMMARY

- Political instability in India's neighbourhood could have serious economic implications for the region
- India needs to become the anchor as well as the catalyst for economic development in the region

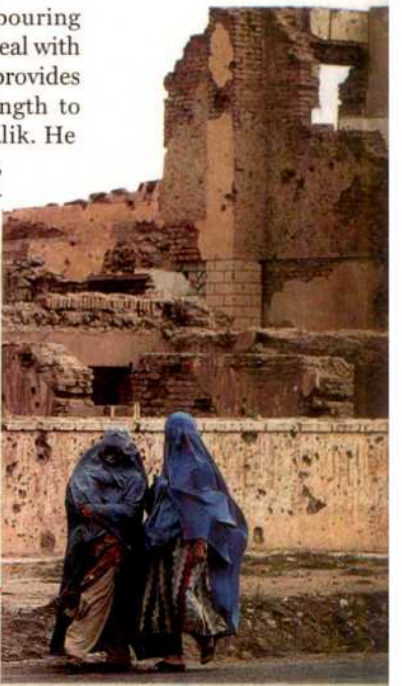
economic indicators over the past 5-6 years."

Dutta explains this paradox. According to him, most districts in the region virtually run themselves. "Things function on auto-pilot because governmental institutions simply haven't penetrated the lower levels of society," he says. His opinion is backed by data from the Fund for Peace's 'Failed States Index' study. Each of India's neighbours scores poorly on leadership, judiciary and civil service. If these don't improve, wide-scale dissatisfaction could easily build up.

Pandora's Box

In India, the pressure valve for such dissatisfaction is the general elections. These have often been used in the past to oust non-performing governments. In countries where democratic institutions count for little — or don't exist — matters could get uglier. At best, India could see huge waves of refugees from neighbouring countries. At worst, India may have to deal with civil wars on each of its borders. "India provides security, stability and economic strength to other nations of South Asia," says Malik. He adds that should India face instability, the whole region could be badly affected.

Bad regional relations have already resulted in several lost opportunities. For example, Bangladesh recently refused to allow the transit of a $1-billion gas pipeline from Myanmar to India because India refused to provide trade concessions in return. India will now have to spend an additional $290 million to re-route the pipeline. But what is more costly is the $125 million in



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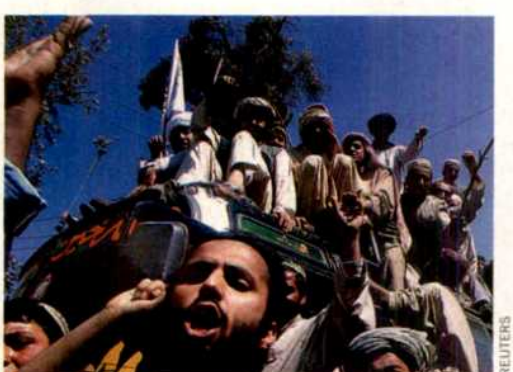
AFGHANISTAN: Two decades of civil war and Taliban rule have crippled the country

Unhealthy Environment

Most of India's neighbours — Sri Lanka, Pakistan, Nepal, Myanmar, Afghanistan and Bangladesh — figure in the Failed States Index



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PAKISTAN: Jihadi groups are taking advantage of the political instability in the country

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NEPAL: Political and economic problems that gave rise to the Maoist insurgency could lead to ethnic violence

BLOOMBERG

BANGLADESH: The fight between the country's two major political parties fighting for control has left the people neglected

REUTERS

MYANMAR: The military dictatorship continues to suppress ethnic and religious groups

BLOOMBERG

UNITED WE STAND: Some believe that India needs to strengthen its ties with its neighbours through Saarc

transit fees that Bangladesh could have earned every year if the project went ahead as planned. Similarly, a $7.4-billion gas pipeline project from Iran to India through Pakistan remains in limbo because of the mutual suspicion between India and Pakistan.

At the moment, only 5 per cent of India's $126 billion trade is with South Asia. However, for countries such as Nepal and Sri Lanka, India alone takes in 37 per cent and 6.9 per cent of their respective total exports. In Nepal's case, that is just the official figure, the unrecorded trade across the open border remains unaccounted. In Sri Lanka's case, India provides 15.5 per cent of the country's total imports. For countries such as Bhutan and the Maldives, these ratios are much higher.

Ironically, only by bettering economic ties can India's South Asian paradox improve. The people *BW* spoke to feel India's best bet is to be both the anchor and the catalyst for economic growth in South Asia. The country's relative stability and prosperity can be a model for the region. Also, by aiding economic development in the region, India will also secure its own future. But, given India's tenuous relations with its neighbours, the task will be difficult.

Bottom Of The Pit

'Failed States Index' rankings

Country	2005	2006	2007
Afghanistan	11	10	8
Bangladesh	17	19	16
Burma	23	18	14
Nepal	35	20	21
Pakistan	34	9	12
Sri Lanka	-	25	25

Source: The Fund for Peace, Failed States Index

Kickstarting Change

Some advocate that India must continue to engage its neighbours through multi-lateral institutions such as the South Asian Association for Regional Cooperation (Saarc). "Our own resources to deal with these crises are limited," says Dutta. "So, we need international help". Historically, this method hasn't worked too well. In a paper published in *Strategic Analysis* on the 20th anniversary of Saarc in 2006, Dutta's colleague Smruti Pattanaik claimed that Saarc's achievements have been "modest" at best. "There has been a visible lack of trust among some of the principal actors... that has prevented collective action and gains from cooperation," she wrote.

Recently, Pakistan, Nepal and Bangladesh voted to add China as an observer of Saarc. India, fearing China's entry would further undermine its regional standing, countered by inviting the US, Japan and South Korea as observers. "The US is important, but it has a bad history of involvement in the region," says Mehta, adding that he has mixed feelings about Saarc ("It has good objectives but bad mechanisms"). Malik agrees. "The possibility of Saarc providing a framework to overcome political and security problems through the economic and commercial route look remote," he says.

Another solution is to simply isolate India from the region. According to the isolationist logic, with South Asia accounting for only 5 per cent of India's trade, only $6 billion will be lost if ties are severed. Also, by sealing off borders, India no longer has to worry about economic refugees, smuggling, or terrorism. But the sheer length of our porous borders riddles this theory with equally large holes. Infiltrators, smugglers and refugees continue to cross the Nepal, Pakistan and Bangladesh borders almost at will.

The Long View

Thus, a more long-term approach is needed. "The best intervention is unilateral liberalisation," says Mehta. What this means is that India should completely open its markets to regional trade without expecting its neighbours to do the same. S. Sen, principal advisor for South Asia at CII, also believes that we must unilaterally engage our neighbours without expecting reciprocity. "Economically, these are small countries vis-à-vis India," he says. "We can't expect the same kind of reciprocity from them."

Both men say that while the economic cost of such a move will be miniscule for India, the

Pocket Change

South Asia accounts for only 5 per cent of India's overall trade

Country	2003-04		2004-05		2005-06		2006-07	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Afghanistan	145.47	40.51	165.44	47.01	142.67	58.42	127.41	30.93
Bangladesh	1,740.75	77.63	1,606.56	59.26	1,664.36	127.03	1,627.86	228.49
Bhutan	89.49	52.37	84.58	71.00	99.17	88.77	57.50	141.44
Maldives	42.34	0.37	42.53	0.58	67.58	1.98	68.72	3.06
Nepal	669.36	286.04	743.03	345.81	859.97	379.85	928.49	305.97
Pakistan	286.94	57.65	509.27	92.75	689.23	179.56	1,349.60	323.26
Sri Lanka	1,319.20	194.74	1,355.23	364.39	2,024.67	577.70	2,255.58	470.63
South Asia Total	4,293.55	709.31	4,506.64	980.80	5,547.58	1,413.31	6,435.16	1,503.78
Global Total	63,843	78,150	83,536	1,11,517	1,03,091	1,49,166	1,26,361	1,85,749

Figures in $ million; Source: Ministry of Commerce, GoI

long-term pay-off is huge. "In the long-term, we need to build communities of material interest (people who have shared economic needs) in these countries," says Mehta. "We don't have these at the moment. We need to create them." He cites the example of the existing free trade agreement with Sri Lanka, which has barely created a ripple in India's economy but has greatly benefitted its neighbour. Another example cited by Dutta is of India helping with hydro-electric power projects in Bhutan. According to him, these projects have roughly doubled Bhutan's national income.

The benefits don't only flow out of India. If relations with Nepal improve, Mehta estimates India could gain approximately 200 GW of hydro-electric power. If relations with Pakistan improve and India continues to aid democratic and economic restructuring in Afghanistan, another energy route will open up to the untapped hydroelectric power in Central Asia.

Soon, "diplomacy will be preceded by economics, which will dictate our relations in the future", says Sen. "Indonesia, the largest country in South-east Asia, helped Asean countries. India must do the same in South Asia."

Saran has already indicated India's willingness to follow such a route. "We are prepared to invest our capital in rebuilding and upgrading cross-border infrastructure with each one of [our neighbours]... and through such cooperation create a truly vibrant and globally competitive South Asian Economic Community."

The logic behind "unilateral liberalisation" is breathtakingly addictive but it has its downsides. Saran himself points one out. "While we are ready to open up our markets to our neighbours, we do expect that they demonstrate sensitivity towards our vital economic concerns." Several reports claim that Jihadi groups are already profiting from India's upbeat stockmarkets. If the stakes are large enough, such groups could easily destabilise the market by simultaneously withdrawing their investments.

Another problem is that Indian industries may have to compete with counterparts that are protected by their home countries. However, Sen says that our neighbour's industries are too underdeveloped to have much impact.

Malik adds that India already has special arrangements with Nepal and Bhutan, which in many ways go beyond a free trade agreement. This includes an open border policy that lets in citizens of these countries without a visa. Sri Lanka enjoys a free trade arrangement with India, and an FTA with Bangladesh may also be on the way. For Burma, several projects are already under consideration, which include hydro-electric schemes and multi-modal transport corridors through Burma and beyond to Thailand and, potentially, Vietnam.

Glimmer Of Hope

At the 14th Saarc summit in 2007, India's Prime Minister Manmohan Singh said "India is ready to accept asymmetrical responsibilities, opening her markets to her South Asian neighbours without insisting on reciprocity". However he added two qualifications. Free trade would be limited to products that are not on India's 'sensitive list'. Additionally, only the least developed countries in Saarc — Bangladesh, Bhutan, Nepal and the Maldives — would benefit.

CII's Sen feels that this sensitive list and the LDC rider should be eliminated if the new policy is to be truly beneficial. In a remark that mirrors the 'win-the-hearts-and-minds' strategy of coalition forces in Iraq, Sen adds, "If you want to give a gift, *dil khol ke dijiye*".

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Oil, Dollar And Inflation

by Srikanth Srinivas

There is no one single uniform response to oil price increases

SOMETHING IS HAPPENING IN THE STATE OF DENmark: it is getting oil companies excited, too. Last week, Greenland's Bureau of Mines and Petroleum – Greenland is a self-governed province of Denmark roughly the size of Saudi Arabia – awarded oil and gas leases for tracts off its west coast, which is free of ice for at least five months out of the year.

On Tuesday this week, US President George Bush visited Saudi Arabia, and proposed that the desert kingdom could raise its production to meet global demand, and hopefully bring down the price of crude. That country could raise production by about 2 million barrel a day, but the Saudis have been wary of doing it. Yes, prices could come down in the short run, but there are a host of factors that will keep oil prices within striking distance of $100 a barrel for some time.

"Prices close to $100 a barrel may be here to stay," says Jim Burkhard, managing director of global oil advisory services at Cambridge Energy Research Associates in Massachusetts, USA. "But no one should expect to return to the $20 a barrel world we saw from the late 1980s to early 2000 either." That said, he adds, the average price of crude in 2007 was $72 a barrel. "We haven't yet seen $100 a barrel levels yet, though we might in the near future," says Burkhard. "We'll have to see how the world reacts to $100 dollar oil for at least six months."

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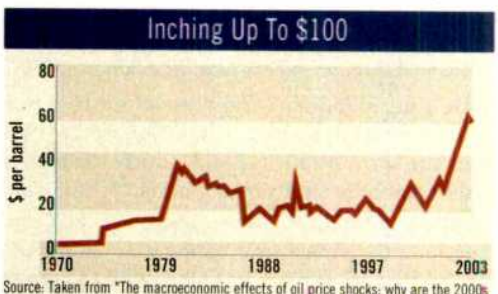
Where Do We Go From Here?

There is no one single uniform response to oil price increases, because in many countries, taxes and subsidies have a significant impact on prices at the pump; India and China are two examples. In the Middle East, among the oil producing countries, prices can be so low that consumers in those countries have never been exposed to $100 oil.

In the US, there is the clamor for energy independence, and a reduction of the dependence on Middle East oil. It's an idea that resonates deeply around the world. But for a scarce resource, and in an integrated global market, can there really be such a thing? A more realistic idea, many say, is energy security: how countries can improve certainty of oil supplies through a diversity of sources and suppliers.

As the instance of Greenland shows, discoveries are being every year. In addition, technology has also had an impact. Experience shows that estimates of oil reserves are usually understated. Fields almost always produce more oil than is estimated. "The real numbers to watch are the growth in reserves," says Burkhard, in reference to a question on whether the amount of oil is a finite resource. But he acknowledges that oil is found in more remote locations,



Source: Taken from "The macroeconomic effects of oil price shocks: why are the 2000s different from the 1970s?" National Bureau of Economic Research, August 2007

ENERGY RACE: There is the clamour to reduce the dependence on Middle East oil

which raises the costs of extraction.

And there is always conservation, and a reduction in consumption. Some effects of the recent price surges have had an impact, as people in the industrialised countries, mainly the US, are beginning to feel the pinch at the pump. One statistic is testimony to consumer parsimony: sales of sports utility vehicles (SUVs) in the US plummeted dramatically in October and November last year.

Jim Kingdale, sometime hedge fund manager, investor and founder of Energy Investment Strategies, a website, forecasts that oil will be in the range of $80-140 for 2008, $105-195 in 2009 and as high as $275-500 in 2012! On his website, he suggests that the natural decline in old fields, rapid demand growth in many economies and the location of future discoveries in deep offshore or oil sands – which make extraction very expensive – will be fundamental contributing factors to those price levels.

In such an environment, do countries, especially merging market countries, including India, that are oil importers, have cause to worry about the impact of rising oil on their economic growth? Add on a recession in the US – which analysts say is looking increasingly likely – and the outlook for global growth looks a little clouded. As the US Federal Reserve cuts interest rates further to stave off the recession, will rising crude prices coupled with a declining dollar fuel global inflation?

Is The Sky The Limit?

In a paper, Kevin C. Cheng and Valerie Mercer-Blackman of the International Monetary Fund's, argued that the surge in oil prices had been driven in part by geopolitical concerns about tensions in the Middle East and weather-related production shutdowns; it underscored the fact that in an environment of limited spare oil production capacity and declining inventories, prices are sensitive to news that may indicate possible future supply shortages. Spare capacity remains low and market conditions are expected to remain tight.

There are several other factors; it costs a lot more to discover new sources of oil. Developing new discoveries also takes time, between five to ten years. The members of the Oil and Petroleum Exporting Countries are all investing in increasing production capacity; technology has also improved the efficiency of production and, thus, output. Similarly, new investments are also being made in refining capacity. But this investment is struggling to keep pace with demand.

Another factor keeping prices is growing demand from emerging markets, mainly China and India. The commodity price cycle has also been moving up; there are several materials like steel and cement used in exploration and oil field development also cost more. And finally, there's the shortage of people relative to the inventory of projects that adds to high prices.

What about the impact of the dollar? While not the single most important factor in oil prices, it is still a significant factor. "Oil is like the new gold standard," says Buckhard. "When the value of the currency that oil is priced in declines — and the prices of all other things being equal — the price of oil is bound to go up."

However, the single largest consumer of oil is the US, and if the foreseen recession happens, the weakening demand for oil could

result in some correction.

Discovering Oil In India

One way to insulate India's economy from global price shifts is subsidies; the other is if there are more discoveries here. It will be a while before any oil found through the present exploration being undertaken by ONGC, Oil India, Reliance Industries and others can be brought to the consumer. But those who find it might prefer to sell in the global marketplace, rather than at subsidised prices domestically.

People point to the abundant natural gas reserves that India has. Traditionally, natural gas has traded at a discount to oil. But now, global oil prices have become the benchmark. In Asia, over the last few months, natural gas prices have surged to about $16 for a million British thermal units (btu); in terms of oil equivalent (in barrels), that translates into $93 a barrel. In other words, there is little difference in price between the two.

For years now, the government has managed the oil subsidies – and the implicit inflation – through the oil pool deficit, an account where the difference between the global prices we pay for importing oil and the price they are sold to the consumer is 'managed'. "But this has left the oil companies and refiners carrying the can, with a not-inconsiderable impact on their profitability," points out Indranil Pan, chief economist at Kotak Mahindra Bank in Mumbai. "And now, they are listed and publicly traded companies; before long, shareholders will want to know why they have to pay for it."

The government has resolved this in part through the issue of bonds, in effect securitising the oil pool deficit. But this only postpones the problem; in addition, higher oil prices have also meant higher import costs for food and thus, the consumer; just look at cereal price increases over the last year. At one point, rural consumer price inflation was about 9 per cent, while it was only 6 per cent in urban India.

Food Price Inflation

Source: US Federal Reserve Bank of St. Louis

Will They, Won't They... Raise The Price?

Several analysts have argued that given high oil prices and the weakening dollar, there is a lot more inflation out there that shows up in the numbers within our borders. The wholesale price index (WPI) does not take into account fuel prices in its computation. Recently, several government officials have been talking about a hike in petrol prices for domestic consumers. Usually, this is considered a bad idea in a year when several state elections are on the cards.

But some argue that there is no better time than now to pass through some of the costs of high global oil prices. "A 5-7 per cent increase in petrol prices will likely raise inflation by about a quarter of a percentage point," says Pan. "And as a second order effect, it will show up in transportation and food price increases."

Inflation remains in the 4 per cent range – remember that this is the rate of change in prices – and well within the comfort zone of the Reserve Bank of India, whose primary responsibility it is to keep inflation low. For us as consumers, though, the pass through of global oil prices is likely to have a significant impact, and a politically difficult policy choice for the government, because any increase will have an effect on inflation, and thus re-election prospects.

Which brings us to an interesting conclusion. Most people today believe that inflation is no longer a purely monetary phenomenon. What matters is the central bank's response to these relative price movements. If they have direct inflationary consequences, they are developments that the RBI cannot ignore. And as Mr. Reddy and his colleagues sit down to put together their review of monetary policy at the end of January, surely rising oil prices must be on their minds.

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AP

ON HOLD: Saudi Arabia has been wary of raising oil production

Maintain Tax Rates

by p. vaidyanathan iyer

INDIA INC, THROUGH VARIOUS INDUSTRY chambers, has made a strong pitch for a cut in tax rates — corporate and personal income — in the forthcoming Budget. This is presumably the last full Budget to be presented by Finance Minister P. Chidambaram before the general elections early next calendar year. Since the term of the United Progressive Alliance government ends in May 2009, prudence demands it present only an interim Budget next year.

Chidambaram may be tempted to cut tax rates. Instead, he should create a clean and simple tax regime

At first sight, the demand for reducing tax rates seems justified and based on a sound reasoning. Direct tax mop-up is at a record high and for the first time this fiscal, it looks set to surpass the indirect tax kitty. But, then, this is the case with most developed economies. Most countries, including our South East Asian neighbours, collect more from direct taxes than they realise from excise and customs levies.

In the first nine months this fiscal, direct tax collection, net of refunds, jumped 42.4 per cent to cross Rs 205,000 crore. While the personal income tax kitty soared 50 per cent to Rs 77,380 crore, corporate tax collection increased 39.8 per cent to Rs 127,683 crore. At this rate, Chidambaram may well be able to present 10-12 per cent higher direct tax receipts at Rs 300,000 crore. Undoubtedly, buoyancy in collections — despite a plethora of exemptions and some unreasonable taxes — is a result of a fast-growing and robust economy. Better tax compliance and moderate rates have also helped.

In this background, and equally difficult to ignore political context where the Budget presents a unique opportunity to pander to the interests of India Inc. and the masses alike a year ahead of elections, Chidambaram may be tempted to cut tax rates. But that would be a short-sighted approach. Instead, he should set right certain wrongs he inflicted and attempt to create a clean and simple tax regime.

Yes, there are some 'nightmare' taxes —such as the one on fringe benefit, which make life miserable for companies. A few cesses here and a surcharge there further take away a lot from the taxpayer and make his tax-paying experience a nightmare. It is here that the finance minister must train his eyes. These cesses and surcharge are estimated to fetch a tidy Rs 47,000 crore to the exchequer, almost 10 per cent of the estimated tax receipts for this fiscal.

Corporates and individuals will be happy if Chidambaram leaves the tax rates intact, but does away with the surcharge and cesses. Tax rates in India, it must be pointed out, are more or less in sync with most developed European countries. But what merits attention is the effective tax rate, which is very different from the marginal tax rate of 33.66 per cent (including the 10 per cent surcharge and 2 per cent education cess). Indian companies pay less than 20 per cent (19.2 per cent last year) of their profits.

Surprisingly, a sample survey undertaken by the finance ministry last year showed that big companies with profit before tax of Rs 500 crore and more (the fat cats) had an effective tax rate of only 16 per cent. Nothing wrong about it; they were the ones who took the most advantage of the prevailing exemptions. Almost a third of the companies with a profit before tax ranging between Rs 1 crore and Rs 25 crore, had an effective tax rate of 23 per cent or so. This is because of a huge number of exemptions which together cost the exchequer Rs 158,661 crore in foregone revenue, according to the tax expenditure statement introduced for the first time in Budget 2007-08. It will be interesting to see if this amount shows an increase in the current fiscal. If it does, then it will mean Chidambaram has only added to the largesse. Another factor that results in low effective rate is tax evasion, which indicates a fair degree of corruption in the tax administration machinery itself.

Of the Rs 158,661 crore in lost revenue, personal income tax exemptions account for just Rs 11,695 crore. Excise and corporate tax exemptions constitute more than 55 per cent of it at Rs 88,301 crore.

In an exercise undertaken a year ago, the finance ministry, in fact, listed all exemptions on its site and said these were being reviewed. Many have outlived their utility, but continue to exist for one political reason or the other. True, some have a sunset clause and will naturally lapse in the next year or two. But, the litmus test will be if Chidambaram acts boldly and prunes the exemption list.

To cut it short: he has to come hard on exemptions, remove surcharges, and the 'nightmare' taxes, focus on tax administration and maintain the tax rates.

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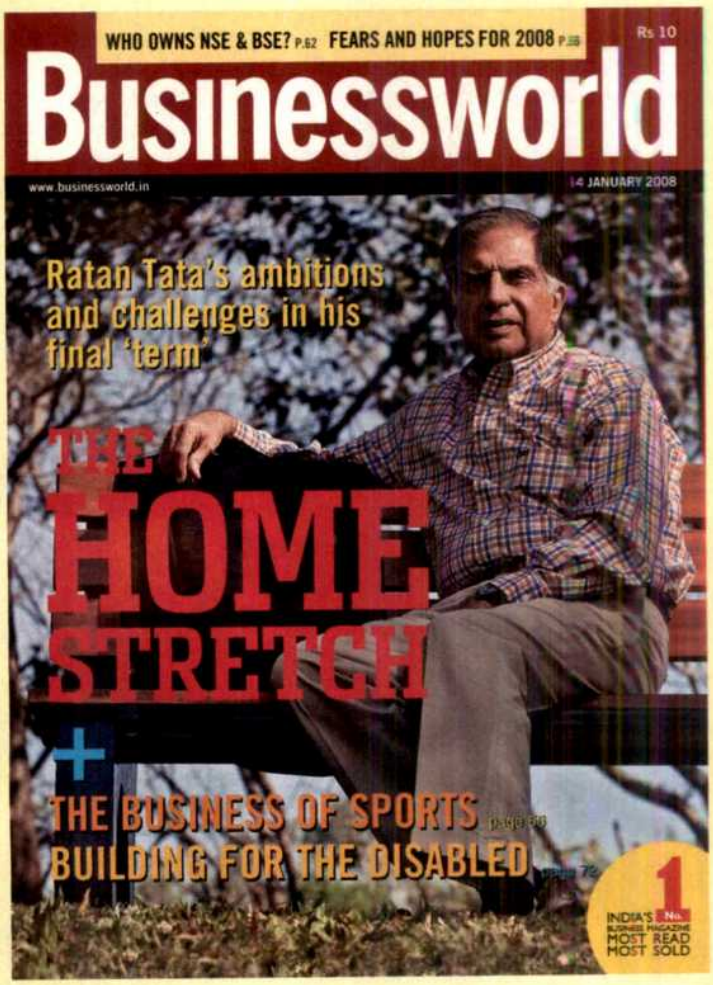

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BATES DAVID ENTERPRISE 1584

Looking Back To Go Ahead

by Rajesh Gajra

Can short selling learn anything from long buying?

SOON, WE WILL SEE MORE OF AN ANIMAL THAT HAS been rare in the stockmarket zoo: the bear. Because in the current bull run on the Indian bourses that began in 2003, a key element — an organised securities lending and borrowing mechanism (SLBM) — has been missing. The absence of this mechanism has created a lopsided structure, with the bears on the sidelines.

The Securities and Exchange Board of India (Sebi) has now permitted the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) to introduce an SLBM (see 'Selling It Short', *BW*, 7 January 2008). Some believe that the SLBM will do for the bears what margin trading — introduced in March 2004 — did for the bulls. But not everyone is convinced.

At this time, margin trading is permitted in about 800 stocks, where the impact cost — the difference between the traded price and the average price of a stock during a trading day — of less than 1 per cent gave the bulls a wide choice.

And both bears and bulls have used the futures and options market to go short or long. But they are restricted by the number of stocks available — about 250 — in the derivatives trading segment. As markets now ready for an SLBM, and looking back over the last three years, how well has margin trading worked?

PHOTOGRAPHS: TRIBHUWAN SHARMA

Margin(al) Trading

In margin trading, the broker funds the purchase of the investor from his own capital; the investor or bull has to pay an upfront margin of 50 per cent and maintain it at 40 per cent on the daily marked-to-market value of his purchase. The broker charges an annual interest rate of 10-30 per cent; there is a margin trading agreement in addition to the normal client-broker agreement for trading in the cash and derivatives markets of the NSE or BSE.

For brokers, it was a great business opportunity. "Our clients asked for it," says C.J. George, managing director at Geojit Financial, a brokerage firm. But the margin trading scheme has not taken off. The amounts of margin trading by brokers have been very low (see table 'On The Margins' page 71) compared to the delivery volume on settlement.

Only 25-30 brokers have used the scheme since its launch. A review of the numbers on NSE's website shows that in October 2007, only seven brokers were active in margin trading, accounting for about Rs 102 crore. More than half the business was from one — Indiabulls Securities — financing Rs 67 crore for 11,166 traders. Most brokers say that the Sebi-mandated 50 per cent upfront margin is a put-off. Bulls want more leverage, but Sebi is unwilling. Sebi also limits the maximum allowable exposure of the broker towards the margin trading facility to 50 per cent of his net worth. "Any leverage scheme will click if it offers flexibility," says the chief of a brokerage firm. But there appears to be none.

Their Way Out

Brokers have their own unofficial margin trading schemes where they offer flexibility. Subsidiary companies floated by brokers and registered as non-banking financial companies enter into margin trading agreements with the investor; he gets higher leverage, by paying a lower up-front margin of 20-30 per cent.

Brokers say the amount funded here is 30-40 times more than the official broker-funded margin trading scheme. Estimates range from

On The Margins

Funding amount is thin in official margin trading facility, less than half a basis point.

	Cumulative margin trading amount financed by NSE brokers	No of stocks financed in margin trading	Delivered shares' value in cash market on NSE
	End of month		For the month
Apr '04	22	292	21,718
Oct '04	22	307	21,659
Apr '05	24	441	21,623
Oct '05	35	527	33,857
Apr '06	155	661	48,907
Oct '06	129	662	40,448
Jan '07	157	665	51,854
Feb '07	156	694	51,327
Mar '07	140	696	46,504
Apr '07	129	705	48,349
May '07	124	723	55,670
Jun '07	140	738	52,825
Jul '07	138	739	75,348
Aug '07	136	738	63,766
Sep '07	151	734	73,052
Oct '07	166	748	1,21,821
Nov '07	245	758	NA
Dec '07	297	771	NA
Upto Jan 10 '08	313	798	NA

Source: NSE

Figures in 1st and 3rd columns are in Rs Cr

An SLBM Primer

- A means to cover short sales (selling shares without possessing them), but since evolved to facilitating sophisticated trading strategies
- Occurs when a holder lends eligible securities to borrowers in return for a fee
- Legal title of a security temporarily transferred from lender to borrower. The lender retains ownership benefits, except voting rights
- Used by the lenders to maximise yields on their portfolio.
- Particularly attractive for large institutional holders of securities
- Borrower provides collateral in cash, bank guarantees, government bonds, or other securities.
- Participants: clearing and trading members of stock exchanges, financial institutions, FIIs, mutual funds, banks and retail investors
- Income from SLBM exempt from capital gains tax

Rs 5,000 crore to Rs 8,000 crore, even as the official margin trading scheme-funded amount, as of 10 January, was just Rs 313 crore.

But brokers still carry the risk of defaults in this margin trading-lending book. The only action taken by Sebi to measure the exposure of brokers through this route was in December 2005, when the NSE issued a circular warning brokers of not acting as a "conduit or front for financing any secondary market transactions entered into by their clients, directly or indirectly expect in accordance with the regulatory provisions of Margin Trading Facility".

A joint inspection by the NSE and National Securities Depository of Indiabulls Securities had found that the firm had two unofficial pool accounts, one of which was being used to credit investments of its margin trading clients. Brokers are allowed to have one official clearing member pool account in which funds and shares move to and fro from their clients.

Setting Free The Bears

So, will bears also resort to such measures when SLBM schemes are launched by the NSE and BSE? We'll have to wait till details of the SLBM are made public. The risks are similar, including shares of willing lenders being diverted for non-lending purposes by brokers.

Nevertheless, the market is eager for an SLBM. "It will click as there are many long-term investors who don't mind lending their shares to earn some interest," says Ketan Dedhia, director at Nalanda Securities, a NSE broker.

"Demand for borrowing shares could be from institutional investors who are permitted to short sell in the cash market only if they borrow in the SLBM and deliver the shares," says Manish Sonthalia, vice president of Equity Strategy at Motilal Oswal Securities, NSE-BSE broker.

There is another, yet familiar, problem. Sebi has permitted the SLBM only in those stocks that are already in the derivatives traded list. Bears may find it easier to short-sell through futures and options, rather than go through an elaborate procedure under the SLBM.

But no one disputes that with the SLBM, the cash market will become a complete system offering for both bulls and bear traders and investors. It will complement the thriving derivatives market in the country.

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'Telecom is a circus'

–Sanjay Chandra

Managing Director, Unitech Group

REALTY MAJOR UNITECH SURPRISED SOME OF India's most powerful businessmen last week when it walked off with the permission to enter telecom. Though Unitech outplayed the gaggle of companies jockeying for slots in the regulated market, it's unclear how it will compete with the likes of Bharti Airtel and Reliance Mobile. After all, there are no similarities between realty and telecom, except for the intense lobbying and the immense money that define both sectors. Just hours after Unitech received the Letter of Intent it needed from the Department of Telecommunications, *BW*'s Jehangir S. Pocha and Rajeev Dubey caught up with Unitech's Managing Director Sanjay Chandra and asked how his real estate firm will ready itself for the vagaries of telecom. Excerpts.

SANJIT KUNDU

Q: You have the capital to enter telecom, but what about the competence?

A: For competence, we would look for a partner who would bring domain expertise. We are in talks with a couple of companies, domestic and international. We could go either way, and in the long term we could do both (domestic and international).

Q: How much of the company would you give the partner?

A: A foreign company would have a large stake. We could go up to 49 per cent.

Q: What is the rationale behind getting into telecom?

A: We were looking to diversify. The government announced that they were releasing more spectrum and asking for more mobile operators...We have seen worldwide that there are a few businesses that have made a lot of money with a lot of growth. Telecom is one. We meet many investors and keep hearing how Bharti is doing in India, how Mexican and Chinese telecom companies are doing. So, we decided telecom would be an attractive proposition. The day we applied for telecom licence there was no stated policy of closing the door. But it got closed about a week after that. So, we were happy with our timing.

A lot of people applied for telecom licences after that announcement on 25 September last year (when the government said it would close the door on applications on 1 October). People suddenly began applying for licenses because society *mein naam achcha hota hai* (it gave them a reputation in society). That was silly. There were 20-30 companies who had never thought of telecom as business. I think we were one of the few people who applied before the announcement, before the rush. We decided in the first week of September and we applied somewhere around 20 September.

Q: Real estate is a cash generator but telecom is about market cap.

A: It is not just about market cap. It is a business that actually generates profits besides market cap. Our company will be a viable business, in terms of cash flow.

Q: One of the attractions of telecom in India is that you can get in fairly cheap. Spectrum costs are quite low.

A: Yes. But then, you have to invest in a lot of infrastructure.

Q: Those costs are also coming down substantially. In comparison, the market caps in the industry are huge.

A: Yes, today market caps are huge but once there are more operators, will they stay as high? Today, every subscriber is valued at about $700-800 depending on ARPUs (average revenues per user). But I think ARPUs will come down a lot, to $400-500 in five years. That's because calls are getting cheaper and may even become free.

Q: People are talking about a rate of 20 paise per call. Do you think those call rates are possible? Have you looked at investment-to-return ratios?

A: We haven't gone that far ahead yet. But we do think that we will see a substantial reduction in rates and packaged offerings, that give users unlimited calling for low rates.

Q: Are you sure you will get the required spectrum?

A: I think we have enough spectrum in most of the sectors. In some circles, there is shortage. But there too, with the release of spectrum from defence in the first quarter of this year, it should be available.

Q: In a sense, telecom is just like the real-estate business. You are capturing a fixed commodity (spectrum).

A: Yes (laughs). Instead of a land bank we are now managing an 'air' bank.

Q: How did you view the way the Government of India priced spectrum?

A: We didn't understand the policy first. Now we understand it a little. I think the policy's goal is to ensure that prices don't go up for consumers. So, to that effect, it is a fair policy. Getting more operators will ensure that pricing is stable or slows down. Currently, with the existing operators, there is limited competition. New players like us will boost competition and growth.

Q: Are the existing players trying to keep the industry an oligopoly?

A: Definitely. They are not actually open to accepting competition at all.

Q: You are a late mover. How will you make your presence felt? Also, with five or six new players coming in, how do you plan to pace yourself geographically?

A: We are looking at a pan-India roll out. We are depending on spectrum availability. It may get a bit staggered, but it will be a pan-India roll out with product differentiation. We have advisors on our teams still

Fast Facts

Established
1971

Entered Civil Engineering
1974

Revenues
Rs 3,388.36 crore

Net Profit
Rs 1,305.4 crore

Employees
2,700

Land Bank (2006-07)
14,500 acres

working on that. It will be very early for us to comment but the idea would be to differentiate ourselves. The market is large and growing. We don't see a problem, with the size of our population being what it is. Every household today, even low-income ones, are using cellphones.

Q: Are you planning to bid for wireless broadband?

A: We want to put our foot in the door and enter the business before we look at other options. I am sure we will look at that. We will look at 3G.

Q: Being successful with that will require real competence.

A: Yes, we are meeting lots of people and reading up. And it is still confusing. I think data is going to be big. CDMA is better for data. But India is seeing a GSM rush. Our services will be on GSM. We won't be bidding for CDMA licences.

Q: You have to disrupt the market. Are you thinking on those lines?

A: We will have to. Once you enter something, you have to do it properly.

Q: Do you plan to sell out of telecom eventually?

A: If you see, we have never sold any business.

Q: How has the telecom experience been so far?

A: Telecom is a circus. The existing players have turned it into one.

Q: So what went wrong? Only a few years ago, people talked about telecom as India's miracle.

A: It is a miracle that we had no lines and now we have 250 million. But the players got greedy, stymied competition, manipulated policies and intimidated regulators. Now, people are trying to clean up the mess.

Q: So, what do you think was going on that spoiled things?

A: Partly cartelisation, partly a government very amenable to certain lobbies.

Q: How were the existing operators able to control so much?

A: Very good lobbying skills. We should learn from them.

They were focusing more on regulations than on business.

Q: Reliance or Tatas could be a very good partner. They are just getting into GSM.

A: We are considering all options.

Q: One synergy between your realty and telecom businesses would be the cell tower business.

A: We have been contacted by every tower company. They want to get into pacts on infrastructure sharing.

Q: Companies are making quick bucks in the tower business. A tower costs just Rs 5 lakh to put up. Yet the valuations are so high.

A: Yes, and so existing operators are selling out of their tower companies as they need to show to the market they are unlocking value. Actually, we missed an opportunity here. We make towers... we started as transmission tower manufacturers with Hyundai. Now we do cell phone towers and supply them to most of the operators. Two years ago our towers guy was telling us we should look at the tower leasing business. And we said we will manufacture. *Kya rental collect karenge?* (why collect rentals?).

Q: What's your toughest challenge in telecom?

A: Branding and marketing would be the toughest challenge. Regulation is one hurdle that we have crossed. Infrastructure and rolling out will be relatively easier because there is so much of infrastructure.

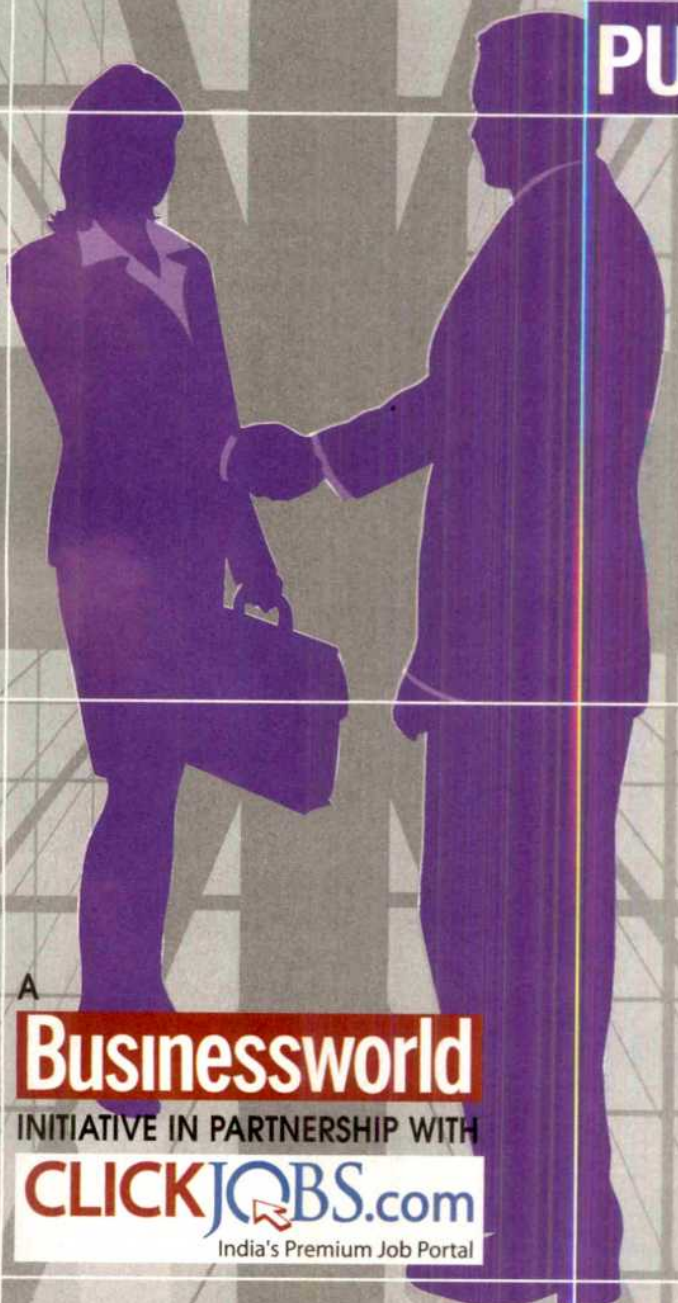
Q: Are you planning to outsource your operations like Bharti?

A: Possibly. Most likely, yes. That is the quickest way to roll out. There is vendor financing available in the sector...and the Rupee is strong too.

Q: The criticism is that yours is a rent-seeking business. You have cash, you apply, and even though you have no competence, you win under a bizarre first-come-first-serve policy. Then you cash in on your licence by selling stakes to those with competence.

A: We have been talking to partners since the start. So, people have been talking about a builders' lobby. The proof of the pudding will be when they see that we are not exiting the business. Our mindset is not of a PE or a short-term investor or a trader. So that is going to be something which we are committed to in our business, we will stay invested.

PURPLE PATCH



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"Take care of the associates, and they'll take good care of the guests, and the guests will come back."

- Bill Marriott, Chairman and CEO, Marriott International

Surprisingly, the cornerstone of Marriott, one of the world's leading hospitality chains, is profoundly applicable to all employers globally. At a time when almost every single industry is struggling to win the war of talent, of attracting the crème de le crème, of dishing out exorbitant compensation packages, of hosting fancy employer parties in 5 star hotels, the focus on employer branding still awaits deserving attention in India. No surprise then that while a simple Google search with the phrase 'employer branding' yields 288,000 results, our survey shows that only 40 per cent of the sample universe were well grounded in the concept of employer branding.

If you consider the credo behind the idea of employer branding, it's pretty simple - take care of your people, treat them like you would treat your clients and you stand a good chance of building a great work place. So, what is it that is stopping the company watchdogs from doing just this?

To answer the question, we must first look at the companies that have mastered the art of employer branding. Consider, Sasken Technologies, a leading IT firm, and one which has consistently appeared on the winning side of countless great place to work surveys. What makes Sasken different? Well, they treat their people, differently. How? Consider this: the company has a single-status policy whereby all employees are subjected to the same set of company rules, and are treated at par, from the CEO to the newly appointed programmer. Sasken is a much quoted example, and it is only because it is an example of a company that has taken

employer branding seriously, and has over time, aligned its people policies with the long term business objectives of the company. Also, Sasken is a classic example of a company that treats its existing employees with much respect and transparency.

Often, companies spend too much time on recruitment - on getting every move right, from the choice of colleges, to the design of brochures, to the advertisements in the newspapers, to short listing the best manpower consultancy in town. Sure, recruitment is a core function of HR, and it remains a core focus of employer branding, but internal branding is equally significant, if not critical! Nidhi Kalra, Director HR, Helix HR, a leading recruitment firm, states, "Internal branding is a key way to develop a robust employer brand. Brands like IBM provide flexibility to its employees in terms of working hours and workplace. Women employees in IBM have the option of working from home. This is a terrific way of telling your employees that you care and thereby building a strong retention strategy." The buck does not stop here - it merely begins. Consider training and development as a key area of employer branding as well. Training and development is an opportunity for companies to not just 'train' employees to develop skills but also to inform, and educate employees on company vision, values, ethics, objectives, past performance, and future outlook. This is important because people appreciate the sense of belonging. While most executives and entry-level employees do not mind sticking to their role and responsibility - they surely want to know how and where their efforts are making a difference. Additionally, robust internal branding leads to a positive work culture - one where employees act as brand advocates - the best possible way to attract and retain people.

This is not to say that employer branding is of less importance during recruitment. In fact, recruitment offers several touch points for the company to effectively communicate its employer branding proposition. Why should a star candidate join your company and not your competitor? What is it that you provide that others do not in your industry? Do you care about her personal aspirations and growth plans? If the answers to these questions and others are put forward during campus hires, through advertisements, through corporate websites, that is indeed the first step towards developing a great workplace. Anuradha Badhwar, Executive Director, HR at The Nielsen Company believes that it is critical to communicate the "vision, values, style of operation and the company culture" during the talent acquisition phase. She maintains that employer branding is a critical component in determining the quality of talent that comes into the organisation. Most leading companies leave them for the induction/onboarding programme that they have developed for new employees. It is imperative to lay your cards on the table, only then will you attract the right talent that not only does the job you give her but also speaks your language. Speaking of companies with robust HR policies, Charulata Ravi Kumar, Managing Partner and National Head Integrated Services, JWT says, "The winners will be the ones that can find innovative, interesting and genuine ways of keeping their employees, not just happy, but also as true partners in the organisation growth. People today are not just looking for jobs but for solid futures that they can be part of creating." Attrition in leading companies across industries is therefore often attributed to a mismatch of mind sets. The employee does not see the long term goals of its employer, and in turn the employer fails to assess the personal goals of the individuals. Recruitment strategies have to evolve - it has to be a marriage of minds.

Almost 90 per cent of selected HR heads and senior professionals across industries maintained that employer branding is slotted to attain more importance over the next 10 years in India

Interestingly, even if employers are faced with staggering attrition rates (as in IT, ITes and advertising for example), do they learn from their mistakes? Charulata observes, "Exit interviews are a serious and important tool for making it a better place to work. Often many employees hide their true feedback or just ignore them for fear of finger pointing. Organisations must remove the finger pointing process and use the opportunity to evaluate trends and overall issues, basis which real change can be made for employee satisfaction enhancement." Charu's point is acute as she represents and speaks for an industry that thrives on people - advertising. Ironically, there is hardly any employer branding advertising in the very industry of advertising! That said, almost 90 per cent of selected HR heads and senior professionals across industries maintained that employer branding is slotted to attain more importance over the next 10 years in India. Many leading companies are revisiting their recruitment strategies, training modules, benefit schemes, rewards programme, and also exit interviews to enumerate and communicate their employer branding strategy. The key however, would be to live it every day and therein lies the challenge of building a great workplace.

Like Bill Marriott says, the ultimate onus is on each and every individual, because if you take care of the associates, they will take care of your clients and there is no better way to build a great workplace than to ensure that your current set of stakeholders are passionate and excited to be a part of your organisation. The choice is really yours - either you advertise in a classified, or you build a communication strategy that effectively builds a HR brand with a wow factor.

The era of wooing is over; it's time to wow...

For comments and feedback on this article reach us at: purplepatch@bworldmail.com

ALTERNATE VIEW

How challenging is mega talent sourcing?

Seema G Saxena

Talent sourcing would always be one of the most contentious matters for growing organisations especially when sales force creation or its augmentation is concerned. With several sectors experiencing growth rates of 100 - 200 per cent or even more, it has become imperative for HR functions to be able to successfully materialise the kind of talent base mega sales forces demand, and in particular, those who have the potential to outperform in the market place. At relatively young organisations, for instance in the retail financial services, recruitment drives aiming at doubling or trebling one's sales force within a short time span of two to four quarters is not unheard of and continues to remain a challenge for most result-oriented HR professionals.

Leading HR professionals will vouch that conceiving talent sourcing strategies is as important as putting them in practice. Fool proof strategies-policies-processes for sourcing are just not enough. The larger the geographical presence of an organisation, the higher the levels of energies and determination that is required for implementation of an enormous recruitment plan. And it takes some time for line-managers to successfully juggle with the competing compulsions of ongoing business and talent mobilisation.

The first milestone to be reached therefore is a speedy and sustained communication process across sales leadership on manpower gaps, hiring processes and targets. As we know, not just the sales organisation but also the norms for last-mile connectivity with team leaders could vary from company to company and could pose specific challenges for complete communication. It is only when the cascading is effected thorough the constructive and outcome- oriented progress reviews that this becomes possible.

Tracking progress is another effective tool to increase the levels of awareness and ownership of the challenges at hand. Despite availability of a variety of recruitment-related software, very few end up meeting the critical and specific reporting needs of a multi-location recruitment drive for central monitoring. At times this also presents a tremendous opportunity for the HR department to collaborate with the IT department to create tools that help reduce dependence on physically compiled tracking reports. It is a well known fact that in the absence of a good mechanism, rework is the bane of such reporting and is extremely overbearing on the entire system in the face of concurrent business pressures.

It is also essential to ascertain the extent to which the sales workforce is anchored with the organisation's vision, philosophy and values. Increasing the connect is no doubt good but it is also a sure way to make a success of an employee referral program and employer branding. Speaking of employee referrals, robust schemes together with the tactic of hiring of team leads or unit managers with a commitment to bring in their own teams would certainly contribute to the overall success. Sustained monitoring of the 'Offer to Joined Ratio' for sourcing that happens through other channels would further strengthen the chances of success, after all, the intervening period between issuance of appointment letters and actual joining is likely to witness casualties to competition.

For niche skill domains, limited talent mobility puts employer branding through the ultimate test and there is a risk of hiring at CTC levels substantially above those of the existing talent pool. For such skills reference checks may not be entirely dependable in preventing a competitor's non performer from being hired. Selection processes that are well written, communi-cated, absorbed and understood by selectors and line HR all go a long way in pre-empting such mishaps.

The country has seen many organisations especially in the telecom, retail and financial services scale up their talent counts to 50000 or more. A common trait in each success story has been the ability to use the power of their vision to make multi-dimensional and bold plans. They then work like ants till the plan is actualised and trouble shoot innovatively at the ground level until all hindrances have been overcome. They also never become victims of all possible rigidity that may accompany well defined polices, processes and systems.

The author is head of HRD & OD at Anand Rathi, a financial services company.

For comments and feedback on this article reach us at: purplepatch@bworldmail.com

MY SAY

Tarun Hukku: How important is workplace etiquette and why?

Tarun Hukku, Head - Support Services, Microland Ltd.

- **Company Image:** Maintaining workplace etiquette is critical from an external viewpoint. Each organisation has several visitors of different denominations from new internees to customers and what they witness at the workplace has a much greater impact then all PR, advertising and powerpoints etc. put together.
- **Employee Productivity:** A poor workplace environment has an extremely negative impact on productivity. The general decorum in the office place, the dignity with which employees treat each other and even simple e-mail etiquettes go a long way in improving productivity by cutting down on negative emotions and activities.
- **Employee Referrals:** It is one of the key recuitment funnels. If the employees are happy with the office environment and the way they perceive office etiquette then they will be keen on bringing their ex-associates into the organisation as they believe that they will be doing them a favour.

EMPLOYER SPOTLIGHT

We are the first PCMM Level 5 and SEI CMM Level 5 certified IT services company globally. We provide comprehensive IT solutions and services, including systems integration, information systems outsourcing, package implementation, software application development & maintenance and research & development services to corporations globally. In the Indian market, we are a leader in providing IT solutions and services for the corporate segment in India offering system integration, network integration, software solutions and IT services.

SOFTWARE ENGINEER
Job profile: Should have knowledge in Core Java with NMS/EMS/SNMP
Experience: 1.5-5 years
Location: Bangalore
E-mail: manager.career@wipro.com
Job code: CJ172535

SOFTWARE ENGINEER- SDH/SONET
Job profile: Should have excellent C/C++ skills with development experience in embedded environment
Experience: 1.5-5 years
Location: Bangalore
E-mail: manager.career@wipro.com
Job code: CJ172537

MICROSOFT ENTERPRISE ARCHITECT
Job profile: The position demands a unique blend of business acumen, technology breadth & depth, excellent communication, sales and leadership skills
Experience: 10-15 years
Location: Bangalore
E-mail: manager.career@wipro.com
Job code: CJ172656

IPsoft, founded in 1998, is a leading managed services provider, offering a complete solution to enterprise customers for outsourcing global technology operations. The world's largest Global 1000 companies, such as GE Financial, IKON Office Solutions, Avon, Unilever, Amazon, Cendant, and Astra Zeneca have entrusted their systems, network, databases, and enterprise applications in the hands of IPsoft.

ORACLE DBA MANAGER
Job profile: Should have knowledge in Oracle DBA, OCP, Oracle10g, Oracle9i, RAC, Dataguard, RMAN, Perl, Data modeling, DSS, Unix, Linux, performance tuning, production support MSP, OCM, Solaris, Manager DBA, database administration, DBA Lead, Lead DBA
Experience: 8-18 years
Experience: Bangalore
E-mail: ubhaskar@ipsoft.com
Job code: CJ160522

IPTELEPHONY SPECIALISTS
Job profile: Should have knowledge in CCM, Unity, IPCC, QoS, IPTT, IPT, CCVP, IP Telephony, CCIE-Voice, IPCC, CCNA, CCNP
Experience: 5-15 years
Location: Bangalore
E-mail: ubhaskar@ipsoft.com
Job code: CJ167737

WEBSPHERE ADMINISTRATOR
Job profile: Should have sound knowledge in websphere administration, MQ workflow, websphere business integrator
Experience: 5-10 years
Location: Bangalore
E-mail: ubhaskar@ipsoft.com
Job code: CJ132604

Colwell & Salmon offers a full array of onshore and offshore direct marketing services. From outbound and inbound teleservice offerings to market research and higher education services, Colwell & Salmon has developed a reputation for high quality and high satisfaction service delivery.

MANAGER HR
Job profile: Responsible for recruitment and retention
Experience: 4-5 years
Location: Noida
E-mail: hrindia@colwell-salmon.com
Job code: CJ172534

PROGRAMMER/SENIOR PROGRAMMER
Job profile: The candidate should be experienced in report creation, BDCs, table creation, SAP script/smart forms, user exit, Idocs and should also know the complete process/cycle of sales and distribution module, would be responsible for maintenance and support of existing SAP implementation
Experience: 3-4 years
Location: Noida
E-mail: hrindia@colwell-salmon.com
Job code: CJ172538

CUSTOMER CONTACT OFFICER
Job profile: Should perform administrative tasks associated with delivering superior high-quality customer service
Experience: 0-3 years
Location: Noida
E-mail: hrindia@colwell-salmon.com
Job code: CJ160062

Extreme Networks is a 10-year old US-based organisation. We are a leading provider of open-converged networking technologies to a global customer base of service-providers and enterprises.

SQA MANAGER
Job profile: Responsible for managing a group of 15+ engineers performing integration testing of ethernet switching and routing platforms, protocols, and network management applications
Experience: 10-12 years
Location: Chennai
E-mail: India-careers@extremenetworks.com
Job code: CJ166683

NMS MANAGER
Job profile: Techno managerial position responsible for NMS development/support, evaluating bugs and developing fixes for EPI center network management product
Experience: 10-12 years
Location: Chennai
E-mail: India-careers@extremenetworks.com
Job code: CJ166682

We at MAH India are a group of upcoming professionals engrossed in supporting the corporates in various HR activities to help them develop their competencies to build a globally competitive organisation.

TECHNICAL SUPPORT ENGINEER
Job profile: Should have detailed knowledge of test

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& measurement and communications industries and the key technologies involved
Experience: 5-7 years
Location: Bangalore
E-mail: pritam@mahindia.com
Job code: CJ172433

PRODUCT ENGINEER
Job profile: Will be heavily involved in product definition, business modeling and working with the engineering teams and customers to deliver solutions to meet customer needs
Experience: 5-7 years
Location: Bangalore
E-mail: pritam@mahindia.com
Job code: CJ172436

WINCE PROFESIONALS
Job profile: Will be responsible for architecting and developing software on a Window CE platform
Experience: 2-5 years
Location: Bangalore
E-mail: pritam@mahindia.com
Job code: CJ172123

CAVIUM NETWORKS

Cavium Networks is a leader in security and MIPS based single & multi-core processors for networking, wireless, storage and control plane applications.

F.A.E
Job profile: Provide technical support and guidance to cavium networks local sales staff, in promoting cavium networks products to customer engineers
Experience: 4-5 years
Location: Hyderabad
E-mail: psarlagundu@caviumnetworks.com
Job code: CJ169015

SENIOR SOFTWARE ENGINEER
Job Profile: Must have good knowledge on networking protocols, especially TCP/IP and network security protocols (IPSec and SSL) is a plus
Experience: 3-8 years
Location: Hyderabad
E-mail: psarlagundu@caviumnetworks.com
Job Code: CJ164440

SOFTWARE TESTING ENGINEER
Job profile: Should have strong experience with linux network configuration and administration
Experience: 2-3 years
Location: Hyderabad
E-mail: psarlagundu@caviumnetworks.com
Job code: CJ164441

SWRL
Stone & Webster Rolta Limited

Stone and Webster Rolta Limited (SWRL), is one of the fastest growing engineering, procurement, and construction management companies in India, providing high value engineering services to a large number of customers in India and across the globe.

INSTRUMENTATION ENGINEER/DESIGNER
Job Profile: Responsible for preparation of instrument index, DCS & ESD database on INTOOLS, preparation of specification sheets for field instruments like flow elements, valves and pressure gauges
Experience: 5-20 years
Location: Mumbai
E-mail: pawan.ahuja@shawgrp.com
Job Code: CJ146052

LEAD ELECTRICAL ENGINEER
Job profile: Will be lead in preparing cable, grounding, lighting, PA-communication system, security system and equipment layouts
Experience: 8-15 years
Location: Mumbai
E-mail: pawan.ahuja@shawgrp.com
Job code: CJ144899

ELECTRICAL DESIGNER
Job profile: Will be preparing cable, grounding, lighting, PA-communication system, security system, and equipment layouts
Experience: 3-10 years
Location: Mumbai
E-mail: pawan.ahuja@shawgrp.com
Job code: CJ144901

SENIOR STRESS ENGINEERS
Job profile: To serve as piping stress & support engineer for refinery, petrochemical, power and heavy industrial design projects
Experience: 5-15 years
Location: Mumbai
E-mail: pawan.ahuja@shawgrp.com
Job code: CJ144904

SENIOR PIPELINE ENGINEER
Job Profile: Provide detailed engineering input during all design phases, including interpretation and challenge of standards
Experience: 8-12 years
Location: Mumbai
E-mail: pawan.ahuja@shawgrp.com
Job Code: CJ155479

GNG GROUP

GNG was established in 1996, now handling power transmission and distribution projects and currently has the complete capacity to perform as a main contractor to carry out not only turnkey power projects but also energy engineering projects and other related manufacturing activities.

SITE SUPERVISOR
Job profile: Site supervisor is responsible for handling day-to-day issues at sites
Experience: 0-10 years
Location: Delhi
E-mail: sites@gnggroup.com
Job code: CJ150270

PROJECT CO-ORDINATOR
Job profile: He will be responsible for allocating proper manpower to various sites, allocating sites and feeders to labour contractors according to their capabilities, coordinating with site supervisors and erection engineers and getting reports from the sites
Experience: 1-2 years
Location: Gurgoan
E-mail: pcoordinator@gnggroup.com
Job code: CJ150895

ASSISTANT MANAGER - MARKETING
Job profile: The person will be responsible for tender search and marketing process
Experience: 2-5 years
Location: Delhi & Gurgaon
E-mail: marketing@gnggroup.com
Job code: CJ156693

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CONSULTANT SPOTLIGHT

Cornerstone India is a member firm of Cornerstone International Group, a consortium of executive search and consulting firms with approximately 100 member offices strategically positioned in virtually every key business centre of the world.

PRACTICE LEADER

Job Profile: Key result areas will include building and managing the respective practice/vertical on profit & loss basis as well as providing direction and inputs to the respective teams under you
Experience: 12-15 years
Location: Mumbai, Delhi & Bangalore
E-mail: akila@cornerstone.co.in
Job Code: CJ170108

KEY ACCOUNT MANAGER

Job Profile: You will build and work with key clients to create solid account relationships that maximise annual revenue and translate into repeat business and client relationship management
Experience: 7-10 years
Location: Mumbai, Delhi & Bangalore
E-mail: akila@cornerstone.co.in
Job Code: CJ170109

CONSULTANT/RESEARCH ASSOCIATE

Job Profile: You will support senior members on research projects and data collections, scan relevant sources daily to keep senior members informed on people and firms. Strong headhunting and internet searching skills is preferred
Experience: 2-5 years
Location: Mumbai, Delhi & Bangalore
E-mail: akila@cornerstone.co.in
Job Code: CJ170110

Doodle Ace Consultants is a Bangalore-based young consulting & executive search firm, delivering recruitment services to the Information Technology Industry to the clients in the niche areas of 'hard-to-find' techie talents.

DIRECTOR OF IP DESIGN R&D CENTRE

Job Profile: Should have knowledge in FPGA design and or SOC/ASIC design, VHDL/Verilog, RTL design, SystemC, embedded processing, signal processing IP design, networking, wireless, wireline protocols, wireless, video processing, broadband access technologies or telecom
Experience: 12-16 years
Location: Hyderabad
E-mail: vinoo@doodleace.com
Job Code: CJ169563

DIRECTOR OF ENGINEERING-NMS/EMS

Job Profile: Should have experience in NMS, EMS, SNMP, WiMAX
Experience: 12-18 years
Location: Bangalore
E-mail: vinoo@doodleace.com
Job Code: CJ169641

Resource Management are equipped to offer a suite of services in contract staffing and recruitment consulting for top-notch managerial positions for blue-chip Indian multinational companies.

SYSTEMS ADMINISTRATOR

Job Profile: Responsible for installation, configuration and administration of UNIX flavors (Solaris, Linux, HP-UX), Windows Derivates (XP/2000/2003)
Experience: 2-6 years
Location: Bangalore
E-mail: kumar.nvss@hotriya.com
Job Code: CJ169991

DEVELOPMENT (TELECOM)

Job Profile: Good knowledge in Core Java/C++, ooad, Unix, telecom know-how, SS7, IP Protocols
Experience: 2-6 years
Location: Bangalore
E-mail: kumar.nvss@hotriya.com
Job Code: CJ169995

SYSTEM ADMINISTRATOR (SOLARIS)

Job Profile: Should have knowledge in Sun cluster, Sun volume manager, Veritas cluster, Veritas volume manager
Experience: 2-7 years
Location: Bangalore
E-mail: kumar.nvss@hotriya.com
Job Code: CJ169993

Synapse India offers high net-worth services to our clients in the areas of leadership development & training, and HR consulting. We are a team of coaches, behavioral trainers, consultants, HR domain specialists and quality specialists.

REGIONAL MANAGER/ZONAL MANAGER

Job Profile: Should have excellent communication skills with ability to build the team and meet the target
Experience: 5-6 years
Location: Across India
E-mail: hr@aslindia.in
Job Code: CJ171269

AREA MANAGER/BRANCH MANAGER

Job Profile: Should have excellent communication skills, operational excellence and should be motivating the team
Experience: 2-3 years
Location: Across India
E-mail: hr@aslindia.in
Job Code: CJ170932

CUSTOMER RELATIONS MANAGER

Job Profile: Should have excellent communication skills, know Hindi and work towards closure
Experience: 3-5 years
Location: Across India
E-mail: hr@aslindia.in
Job Code: CJ171272

Founded by professionals with rich experience of different IT domains, it believes that it understands the needs of both the customer & the candidate better & seeks to strike a match which adds value for both.

STAFF DESIGN AUTOMATION ENGINEER - VERIFICATION

Job Profile: Should have experience in basic verification, SOC verification, chip design, VLSI, specman, RTL, Vera, C, C++, system Verilog, PSL, SVA, digital design, TCL, PERL
Experience: 5-12 years
Location: Bangalore
E-mail: muday_bhaskar@yahoo.com
Job Code: CJ168529

DTV PRODUCT DESIGN-SENIOR/ STAFF ENGINEER

Job Profile: Should have knowledge in DTV, Digital

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TV, STB, set top box, DVB, ATSC, C, C++, Analog TV, PAL, NTSC, BS-Digital, AC-3, Mpeg-2, audio processing, video processing
Experience: 4-12 years
Location: Hyderabad
E-mail: muday_bhaskar@yahoo.com
Job Code: CJ158283

TEAMWORX

Teamworx Consulting specialises in media, sales, marketing and research as well as in engineering. With the philosophy of ensuring satisfaction to both clients and candidates, Teamworx has a committed set of professionals who believe in applying process and in building lasting relationships.

QUANTITATIVE/QUALITATIVE RESEARCH

Job Profile: Attending client meetings to understand research needs and business objectives. Mapping the research, designing research instruments, data analysis, project specific budgets, proposal writing, proposal costing
Experience: 2-8 years
Location: Delhi, Mumbai & Bangalore
E-mail: deepak@theteamworx.com
Job Code: CJ169557

ASSOCIATE MANAGER CDM

Job Profile: CDM manages and supports team of data management professionals to efficiently produce databases that meet customer requirements
Experience: 3-8 years
Location: Bangalore
E-mail: deepak@theteamworx.com
Job Code: CJ169079

Falcon Consultants

We are specialist suppliers of technology consultants within ERP, web technologies, Microsoft technologies and quality management solutions. Our strategy of operating as an extended arm of our clients has ensured positive results for our clients. Our work resulted in making us major vendor for all Tier 1 companies.

SAP CONSULTANTS

Job Profile: Responsible for project implementation/ upgradation/support in SAP, modules likes SAP ABAP, HR, FICO, BW, SD, CRM, PP, MM, APO, ISU, BCS, XI, EP, PS, etc.
Experience: 3-20 years
Location: Hyderabad, Bangalore, Mumbai, Chennai, Pune, Delhi/NCR & Kolkata
E-mail: jobs@falconsonhunt.com
Job Code: CJ172175

DEV LEAD/SENIOR DEV LEADS/ARCHITECTS

Job Profile: Proficiency in C#, ASP .NET, SQL server, XML, XSLT, Design patterns, architecture
Experience: 5-20 years
Location: Hyderabad & Bangalore
E-mail: jobs@falconsonhunt.com
Job Code: CJ456456

MERU

Meru Consultants & Technologies was founded by senior management professionals from an IIT/IIM background with more than 20 years of corporate experience.

CHIEF EXECUTIVES

Job Profile: Should have knowledge in thermal power, hydel power, nuclear power, wind power, real estate - residential, commercial and SEZs, ship building, dredging, railway projects and contracting
Experience: 10-15 years
Location: Chennai
E-mail: bhaskar@meru.co.in
Job Code: CJ172300

MD/CEO/COO/CFOs

Job Profile: Should have knowledge in FMCG, telecom, consumer durables and consumer services sector
Experience: 10-15 years
Location: Chennai
E-mail: bhaskar@meru.co.in
Job Code: CJ172302

Mastermind Network came into existence as premier management consultants in the year 1994. The company specialises in senior and middle management placements for companies operating across different industries.

AVP-HR

Job Profile: Should assist with implementation and coordinate major human resources processes, employee relations and employee transitions, resource planning, general HR
Experience: 6-13 years
Location: Delhi, Bangalore & Mumbai
E-mail: jobs@mastermindnetwork.co.in
Job code: CJ171611

SR. AVP OPERATIONS

Job Profile: Would be responsible for work force management and cost effectiveness, very good communication & presentation skills and minimum total work experience of 10 years, out of which 4 years in a BPO
Experience: 10-15 years
Location: Gurgaon
E-mail: jobs@mastermindnetwork.co.in
Job code: CJ171870

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Job profile: Must have flair for vetting contracts and will handle all legal and secretarial matters and report to COO.
Experience: 15 years
Location: Bangalore
E-mail: jobs@careerkey.in
Job code: CJ172367

VP PROJECTS/PROJECT MANAGERS/ENGINEERS

Job profile: Must be BE Civil/Electrical or Diploma Holders with 6-20 years of experience in construction industry
Experience: 6-20 years
Location: Hyderabad & Bangalore
E-mail: jobs@careerkey.in
Job code: CJ172368

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JOBS IN SALES

- **BRANCH MANAGER**
  Company: Sonyo Consultants
  Job Profile: Responsible for planning, administration and designing of business strategies to achieve the targets set for the particular floor
  Experience: 3-5 years
  Location: Bangalore
  E-mail: manish@sonyocareers.com
  Job Code: CJ160236

- **RELATIONSHIP MANAGER**
  Company: FPM Services
  Job Profile: Responsible for mutual fund distribution and get the business to company and handle a team of people and lead them in getting the business
  Experience: 2-9 years
  Location: Hyderabad
  E-mail: fpmhyd@gmail.com
  Job Code: CJ171760

- **DEPUTY SALES MANAGER**
  Company: TACIT India
  Job Profile: Meet the revenue targets on a monthly basis, responsible for identifying need and providing financial planning assistance, solution oriented. To provide excellent customer service in terms of renewals and deliveries
  Experience: 1-2 years
  Location: Ahmedabad
  E-mail: info@tacitindia.com
  Job Code: CJ169081

- **SALES MANAGERS - KOTAK LIFE INSURANCE**
  Company: Credentials Management Consultants
  Job Profile: To identify potential financial consultants based on agreed profiles and ensure recruitment in accordance with the business plan
  Experience: 3-8 years
  Location: Delhi, Gurgaon, Noida, Faridabad & Ghaziabad
  E-mail: credentials.consultants@gmail.com
  Job Code: CJ160592

- **MANAGER - SALES & MARKETING**
  Company: Hitech Placements
  Job Profile: Should have experience in selling capital machinery. Good knowledge of the western market
  Experience: 7-10 years
  Location: Bangalore
  E-mail: global.jobs@hitechmanpower.com
  Job Code: CJ170837

- **SALES MANAGER**
  Company: Lakshya Consulting
  Job Profile: Should handle team of agents to achieve sales targets, daily tracking and supervise the activity plan of all agents
  Experience: 3-5 years
  Location: Pune
  E-mail: lakshya4@lakshyaconsulting.net
  Job Code: CJ172107

- **ASST. SALES MANAGER**
  Company: Lakshya Consulting
  Job Profile: Should handle team of agents to achieve sales targets, daily tracking and supervise the activity plan of all agents
  Experience: 2-3 years
  Location: Pune
  E-mail: lakshya4@lakshyaconsulting.net
  Job Code: CJ172105

- **MANAGER - SALES & MARKETING**
  Company: Hitech Placements
  Job Profile: Should have experience preferably in material handling sector/process engineering/ capital equipments
  Experience: 3-5 years
  Location: Chennai & Hyderabad
  E-mail: rekha@hitechmanpower.com
  Job Code: CJ172297

- **SALES TRAINING**
  Company: Client of Mangalam
  Job Profile: The incumbent would be responsible for imparting training to head manager, head owner, preparing yearly schedule for internal staff training, head manager training and head owner training
  Experience: 5-6 years
  Location: Gurgoan
  Email: neetu@mangalamjobs.com
  Job Code: CJ172335

- **REGIONAL SALES MANAGER**
  Company: Hitech Placements
  Job Profile: Will be coordinating the activities of sales, marketing & production
  Experience: 3-5 years
  Location: Chennai
  E-mail: sandhya@hitechmanpower.com
  Job Code: CJ172156

- **CORPORATE SALES OFFICER**
  Company: Toyota Lakozy Auto Pvt Ltd
  Job Profile: Will be meeting corporate clients, promoting our products, maintaining database of queries generated, handling both showroom walk-in customers as well as corporate customers, meeting monthly sales targets
  Experience: 0-3 years
  Location: Mumbai
  E-mail: hr@toyotalakozy.com
  Job Code: CJ172194

- **SALES CO-ORDINATOR**
  Company: Hitech Placements
  Job Profile: Will be co-ordinating with the customers & distributors for their orders, sending quotations to the customers
  Experience: 1-2 years
  Location: Bangalore
  Email: pushpa@hitechmanpower.com
  Job Code: CJ172165

- **SALES MANAGERS**
  Company: Credentials Management Consultants
  Job Profile: Should provide training and monitor development needs of financial consultants in the team, provide feedback on financial consultant's performance
  Experience: 3-8 years
  Location: Delhi, Gurgaon, Noida, Faridabad & Ghaziabad
  E-mail: credentials.consultants@gmail.com
  Job Code: CJ161635

- **AGENCY MANAGERS**
  Company: Credentials Management Consultants
  Job Profile: Identify potential financial consultants based on agreed profiles and ensure recruitment in accordance with the business plan
  Experience: 3-8 years
  Location: Delhi, Gurgaon, Noida, Faridabad & Ghaziabad
  E-mail: credentials.consultants@gmail.com
  Job Code: CJ161349

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Jobs in Senior Management

- **AVP - NEW BUSINESS**
  Company: Plus Hrms
  Job profile: The incumbent would drive all initiatives to capitalise the new business unit growing business volumes. S/he would be responsible for accurate and timely transactions carried out as per SLAs with other departments and established SOPs
  Experience: 15-20 years
  Location: Mumbai
  E-mail: vidya@plushrms.com
  Job code: CJ171809

- **AVP - ZONE UNIT HEAD**
  Company: Plus Hrms
  Job profile: Responsible for delivering the sales, productivity, activity, maintaining expense budgets and recruitment budgets for the zone
  Experience: 15-20 years
  Location: Chennai, Mumbai & Kolkatta
  E-mail: sharmila@plushrms.com
  Job code: CJ171811

- **DGM**
  Company: ISEO Systems Pvt Ltd
  Job profile: Responsible for HR recruitment, compulsory MBA regular or MSW regular, automobile or manufacturing industry
  Experience: 18-20 years
  Location: Chennai
  E-mail: lalitha@iseoconsultants.com
  Job code: CJ172477

- **NATIONAL SALES MANAGER - AUTO COMPONENTS (REPLACEMENT MKT.)**
  Company: A Client of Personnel Network
  Job Profile: Should be well qualified with at least 12-15 years experience in retail/dealer/ replacement market sales of auto component/ auto consumables
  Experience: 12-15 years
  Location: Gurgaon
  E-mail: pnetgp@del3.vsnl.net.in
  Job code: CJ171550

- **GENERAL PURCHASE HEAD**
  Company: Amartex Industries Ltd
  Job Profile: To ensure that all functions related to purchasing/stores are practised in total conformity with company's objectives and government rules and regulations
  Experience: 10-20 years
  Location: Delhi, Gurgaon & Noida
  E-mail: hrdggn.amartex@gmail.com
  Job code: CJ172293

- **DIRECTOR HR**
  Company: Mancer Consulting Services
  Job Profile: The incumbent will be responsible for developing policies, directing and co-ordinating HR activities such as employment, compensation and benefit, ER, training and employee services
  Experience: 10-14 years
  Location: Gurgaon
  E-mail: satya@mancerconsulting.com
  Job code: CJ172280

- **CEO - AUTO COMPANY**
  Company: Great Search Staffing & Management Systems Pvt Ltd
  Job Profile: Should have 20 years of experience in casting field and 5 years of experience as Unit Head and looking after production/planning and marketing activities
  Experience: 20 years
  Location: Northern Karnataka
  E-mail: eng999@greatsearch.co.in
  Job Code: CJ168580

- **MANAGING DIRECTOR**
  Company: Doodle Ace Consultants
  Job Profile: Should head the India engineering centre and should have worked in aggressive delivery projects, telecom/Wi-Fi
  Experience: 15 years
  Location: Bangalore
  E-mail: vinoo@doodleace.com
  Job Code: CJ169643

- **DIRECTOR OF EDA SOFTWARE CENTER**
  Company: Doodle Ace Consultants
  Job Profile: Key influencer in the R&D hub & across the organisation, who is required to build lasting relationships across the company
  Experience: 12-16 years
  Location: Hyderabad
  E-mail: vinoo@doodleace.com
  Job Code: CJ169565

- **HEAD HR**
  Company: Synapse India Management Consultants Private Limited
  Job Profile: To manage the entire gamut of HR of the organisation, OD initiatives, strategic manpower planning, policy formulisation, training and development etc.
  Experience: 10-12 years
  Location: Hyderabad
  E-mail: synapse@synapse-india.com
  Job Code: CJ171274

- **AVP - FINANCIAL OPERATIONS**
  Company: Mastermind Network
  Job Profile: Should provide leadership and operational excellence to manage service delivery for F&A business across all verticals by meeting existing customer commitments through effective implementation of processes
  Experience: 9-13 years
  Location: Delhi & Bangalore
  E-mail: jobs@mastermindnetwork.co.in
  Job Code: CJ172113

- **SENIOR HR MANAGER**
  Company: Suven Consultants
  Job Profile: A generalist profile with experience in recruitments, training, compensation, performance management and all the related activities of HR
  Experience: 5-8 years
  Location: Mumbai & Pune
  E-mail: suven_consultants@rediffmail.com
  Job Code: CJ172119

- **SENIOR MANAGER MARKETING**
  Company: MEKSOL India
  Job Profile: DGM and above exposed to the marketing of villas above Rs 1.5 crores with 10+ years of experience
  Experience: 10-12 years
  Location: Bangalore
  E-mail: hr_meksol@rediffmail.com
  Job Code: CJ169765

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JOBS IN FINANCE

- **MANAGER**
  Company: Job Cookies
  Job profile: Should have good knowledge in direct taxation
  Experience: 4-12 years
  Location: Chennai
  E-mail: pratheep@jobcookies.com
  Job code: CJ171998

- **CFO (CHIEF FINANCE & ACCOUNTS OFFICER)**
  Company: Amartex Industries Ltd
  Job profile: Monitoring and review of critical accounting issues, internal review of accounts, consolidation of accounts across divisions, accounting reports end-to-end preparation
  Experience: 10-20 years
  Location: Delhi, Gurgaon & Noida
  E-mail: hrdggn.amartex@gmail.com
  Job code: CJ172286

- **FINANCE MANAGER**
  Company: Hitech Placements
  Job Profile: Should be working as finance & accounts manager
  Experience: 3-5 years
  Location: Bangalore
  E-mail: finance.jobs@hitechmanpower.com
  Job Code: CJ170688

- **FIELD AUDITOR**
  Company: Ujjivan Financial Services pvt Ltd
  Job Profile: Should conduct short audit, surprise audit as per plan covering the branch processes and field processes with absolute field focus and making relevant field observations on the above processes
  Experience: 0-3 years
  Location: Bangalore
  E-mail: kripa.s@ujjivan.com
  Job Code: CJ158589

- **CREDIT ANALYST**
  Company: Ujjivan Financial Services pvt Ltd
  Job Profile: Should approve loan applications and check supporting documentation for potential customers based on specific approval criteria
  Experience: 0-3 years
  Location: Bangalore
  E-mail: kripa.s@ujjivan.com
  Job Code: CJ171220

- **BUSINESS ANALYST - BANKING**
  Company: Sampark Search
  Job Profile: Should have extensive experience in banking investment domain, portfolio management, investment banking, mutual fund and derivatives
  Experience: 5-10 years
  Location: Delhi, Gurgoan & Noida
  E-mail: sweety@samparksearch.com
  Job Code: CJ165138

- **FINANCE MARKETING EXECUTIVES**
  Company: Needs & Solutions
  Job Profile: Marketing executives with knowledge of personal loans and housing loans
  Experience: 0-3 years
  Location: Bangalore
  E-mail: jobs@needsmail.com
  Job Code: CJ118934

- **ACCOUNTS MANAGER**
  Company: ING Vysya
  Job Profile: Should have experience in corporate sales and very good corporate connections
  Experience: 2-5 years
  Location: Haveri, Kozhikode (Calicut) & Coimbatore
  E-mail: reshmar.vertex@gmail.com
  Job Code: CJ171676

- **MANAGER-FUND ACCOUNTING**
  Company: GlobalHunt India Pvt Ltd
  Job Profile: Will be processing various complex security products including stocks, bonds, futures, options, currency forwards and swaps and FX, etc.
  Experience: 7-11 years
  Location: Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad & Pune
  E-mail: abha@globalhunt.in
  Job Code: CJ171495

- **FIELD AUDITOR**
  Company: NashVille Consultants
  Job Profile: Will be interacting with the existing customers of the organisation, collecting information, providing them regular update, and helping them in audit
  Experience: 0-3 years
  Location: Bangalore
  E-mail: career@nashvilleindia.in
  Job Code: CJ166423

- **ACCOUNTS EXECUTIVE**
  Company: MEKSOL India
  Job Profile: Candidates with good accounts knowledge & computer skills are preferred
  Experience: 0-2 years
  Location: Bangalore
  E-mail: hr_meksol@rediffmail.com
  Job Code: CJ169779

- **INSURANCE VERTICAL HEAD**
  Company: Techs To Suit
  Job Profile: Should have strong understanding of key business processes and IT challenges in some of the insurance domain
  Experience: 18-22 years
  Location: Delhi
  E-mail: ritur@techstosuit.com
  Job Code: CJ169303

- **FINANCIAL PLANNING MANAGER**
  Company: TACIT India
  Job Profile: Responsible for identifying need and providing financial planning assistance-solution oriented
  Experience: 0-1 years
  Location: Ahmedabad
  E-mail: neha.tipl@gmail.com
  Job Code: CJ169091

- **FINANCIAL CONTROLLER**
  Company: Client of Zend Consulting Services
  Job Profile: Will be handling all activities of finance and ensuring financial planning
  Experience: 8-15 years
  Location: Mumbai
  E-mail: resume@zcsindia.com
  Job Code: CJ172330

- **CASH DEALER**
  Company: Kashvi Consultants
  Job Profile: Should have knowledge or hunger for learning insurance, mutual fund, IPO
  Experience: 1-2 years
  Location: Mumbai
  E-mail: amruta@kashviconsultant.com
  Job Code: CJ172200

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KRISH IT SOLUTION

Helping companies enhance their enterprise operations

KRISH IT Solution is an IT consulting company that delivers affordable business and technology solutions in SAP R/3 through global software development centre head-quartered in Chennai, India. The company's seasoned management team and employees skilled in technology, business analysis and project management approach technology initiatives in a business context. KRISH IT develops applications to help companies enhance their enterprise operations. The company also delivers product development services and designs reusable building blocks for high-tech companies. KRISH IT is also present in New Jersey in the US, United Kingdom, Singapore, Malaysia and China.

IT SERVICES

KRISH IT consulting designs develops and maintains enterprise solutions, using a world-class methodology, for business-to-business and business-to-consumer applications. These applications are built to leverage emerging and classic communication channels. It offers services that range from defining business needs to building solutions using best-of-breed tools and technologies to maintaining applications. KRISH IT offers the above-mentioned SAP services with a strong focus on the following industries:

- Manufacturing
- Banking, Financial Services and Insurance
- Oil & Gas
- IS Real Estate
- IS Telecom

KNOWLEDGE MANAGEMENT AT KRISH IT

The KRISH IT mission is to establish the system, processes, and culture that helps it continuously build its intellectual capital.

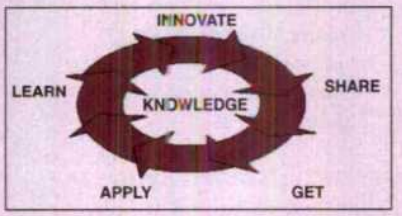
Knowledge Management (KM) at KRISH IT allows KRISH IT's SAP consultants to tie together the collective experiences and knowledge towards better service delivery, organisational excellence and talent transformation. An established KM Corporate Function is responsible for globally overseeing all the activities related to KM systems, processes, structure, and policies.

KRISH IT's Approach to KM

KRISH IT's approach to KM is holistic, and unlike traditional approaches, it is not focused solely on a technology solution. Instead, it believes that it has a socio-technical approach, powered by a knowledge culture. The key areas of KM in KRISH IT are innovation, sharing/collaboration, and reuse.

Its culture resonates with the goals to create an open and transparent organisation in which knowledge is created and shared in a supportive environment where creativity and innovation are highly valued. KRISH IT Consultants are encouraged to bring forward any idea for improvement or innovation. To create sparks of innovation, it encourage various means of self-expression such as blogging, creative writing, painting, poetry, etc.

The GALIS framework below illustrates the knowledge cycle that is supported by KM's approach. The knowledge cycle outlines how each KRISH IT Consultant Gets, Applies, Learns, Innovates, and Shares knowledge through various socio-technical means.



Its people policies also are aligned with a robust reward and recognition program for key contributors, be it content generation, championing knowledge communities, or filing for a patent.

Knowledge Communities

KRISH IT currently has over 10 Knowledge communities covering various technical, non-technical, and business domains. These communities provide a platform for knowledge sharing at a practitioner level and in the long run building overall organisational capability. In a minimum one community event takes place each month.

Technical Infrastructure

To support the knowledge needs of each KRISH IT consultant, the company has internally developed and deployed various systems to enable collaboration between KRISH IT consultants and gives them quick access to knowledge. This includes a centralised knowledge repository, a collaboration platform used for community-specific and project-specific collaboration, and a platform for collaboratively creating KRISH IT intellectual property and enabling software reuse.

Knowledge Workplace

KRISH IT's internal physical environment creates a vibrant and dynamic ethos where self-expression is encouraged. The interiors are richly splashed with the colors of its visual identity, with each color representing a DNA element (Imagination, Action, and Joy). Digitised images conceived by the children from the Spastic Society of Karnataka adorn the walls and enough attention is given to community space.

Innovation

Innovation at KRISH IT starts with its DNA element of imagination. KRISH IT consultants are trained in a variety of lateral thinking and creativity techniques such as DeBono's Six Thinking Hats, Mind mapping, TRIZ, etc. There are regular drives for ideas from KRISH IT consultants with awards for the best ideas and best implementations. KRISH IT's knowledge culture and knowledge workplace are all meant to cultivate creativity in each consultant. Even a knowledge community focused on innovation exists within KRISH IT, which regularly practises, experiments and endorses various creativity tools and techniques.

JOBS IN INFORMATION TECHNOLOGY

- **PROJECT MANAGERS/JUNIOR OR SENIOR S/W DEVELOPERS**
  Company: Millenium Blue Beach
  Job profile: Coding in C# .NET /JAVA/J2EE Platform. Good knowledge in Core Java, OOPS concepts, OOAD design, XML, scripting
  Experience: 3-10 years
  Location: Chennai, Bangalore & Pune
  E-mail: nirmala@mbms.co.in
  Job code: CJ172305

- **MANAGER QUALITY ASSURANCE**
  Company: Millenium Blue Beach
  Job profile: Knowledge in lead auditor ISO 9000:2000, lead auditor ISO 27001:2005, CMMi, Six Sigma, TQM, PARETO analysis, quality certifications, audit experience
  Experience: 5-10 years
  Location: Chennai
  E-mail: vivi@mbms.co.in
  Job code: CJ172298

- **JAVA/J2EE PROGRAMMER**
  Company: Careerzeal HR Management Services
  Job profile: Candidate should have experience in developing in all mentioned skills- Java, J2ee, JDK 1.5, struts, JSP, servelets, EJB 3.0, hibernate, AJAX, jasper reports, jfreechart, jboss, web sphere, SQL server, DB2, web servicesm JMS, TCP/IP, MQ series, soap, Core Java, OOD, OOA, OO design, multi threading, mule
  Experience: 3-8 years
  Location: Chennai
  E-mail: resume@careerzeal.in
  Job code: CJ172150

- **DESKTOP DEVELOPMENT**
  Company: AIG Systems
  Job profile: Person should be very good in website development and designing using ASP .Net and C# .Net and XML
  Experience: 3-7 years
  Location: Chennai
  E-mail: rajan@iseoconsultants.com s
  Job code: CJ172482

- **SENIOR PROJECT MANAGER - JAVA**
  Company: Axis Consultancy
  Job profile: The job description would be project manager in J2EE tech and it involves software development through strategy, design and architecture
  Experience: 10-14 years
  Location: Chennai
  E-mail: sivakumar@axisconsultancy.co.in
  Job code: CJ172345

- **JAVA TECH SUPPORT**
  Company: Axis Consultancy
  Job profile: Hardcore Java support candidate required with extensive experience on any one application server like Weblogic, Websphere, JBOSS
  Experience: 2-4 years
  Location: Bangalore
  E-mail: sivakumar@axisconsultancy.co.in
  Job code: CJ172510

- **DEVICE DRIVER LEAD**
  Company: Axis Consultancy
  Experience: Expertise in system programming using C/C++ in Unix/Linux
  Experience: 4-7 years
  Location: Mysore
  E-mail: sivakumar@axisconsultancy.co.in
  Job code: CJ172512

- **GROUP PROJECT MANAGER**
  Company: Sonyo Consultants
  Job Profile: Should be well versed in project planning, effort estimation, analysis & development, testing & implementation, execution, monitoring, account development initiatives and resource planning
  Experience: 12-14 years
  Location: Chennai
  E-mail: asmita@sonyocareers.com
  Job code: CJ151847

- **SAVVION BUSINESS MANAGER**
  Company: Techs To Suit
  Job profile: Should have knowledge of BRE concepts, BPM concepts. Candidate should also have exposure and appreciation to software engineering methodologies. Candidate should have the ability to work in a fast-paced environment
  Experience: 4-6 years
  Location: Bangalore
  E-mail: resource-executive@techstosuit.com
  Job code: CJ168968

- **ANALOG TECHNICAL MANAGER - MIXED-SIGNAL**
  Company: Concorde Management Consultants
  Job profile: Should provide technical leadership in analog engineering to lead a group of analog engineers to design and develop low-power mixed-signal ICs silicon proven Analog IP or mixed-signal SoC
  Experience: 10-15 years
  Location: Chennai
  E-mail: ruchi@cmctechjobs.com
  Job code: CJ172325

- **STEEL DETAILERS**
  Company: Deegit Inc
  Job Profile: Should have experience in the structural steel detailing, with emphasis on structural engineering field
  Experience: 2-10 years
  Location: Hyderabad
  E-mail: priyanka@deegit.com
  Job Code: CJ172018

- **PROJECT MANAGER- HARDWARE**
  Company: ELICO Ltd
  Job Profile: Embedded hardware and software development, including architecture, design, implementation, testing, documentation, release and support
  Experience: 5-10 years
  Location: Hyderabad
  E-mail: hrd@elicoltd.com
  Job Code: CJ169288

- **PROJECT LEAD & TEST MANAGER**
  Company: Satyam Sri Services
  Job Profile: The candidate need to have experience in ATM frame relay or fraud management with telecom background
  Experience: 5-10 years
  Location: Bangalore
  E-mail: hr@satyamsri.com
  Job Code: CJ167714

- **PROJECT MANAGER**
  Company: Symbiosis Network
  Job Profile: Should have skills like automotive design - BIW/closures/interiors/fascia (bumper)/ automotive wiring harness design/reverse engineering knowledge
  Experience: 7-15 years
  Location: Bangalore
  E-mail: manu@symbiosisnetwork.com
  Job Code: CJ171019

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JOBS IN MANUFACTURING & ENGINEERING

- **SENIOR MANAGER/DIVISIONAL MANAGER**
  Company: Shree Consultancy Services
  Job Profile: Responsible for understanding and implementation of benchmarked concepts, in-depth knowledge about legal requirements, i.e. automotive regulations like CMVR, EEC, ECE, ADR, FMVSS
  Experience: 8-12 years
  Location: Pune
  E-mail: nairm@pn3.vsnl.net.in
  Job Code: CJ172238

- **SENIOR MANAGER/DIVISIONAL MANAGER - ENGINES**
  Company: Shree Consultancy Services
  Job Profile: Will work as lead engineer for specific projects and will be a single point contact for the function in the project
  Experience: 8-12 years
  Location: Pune
  E-mail: nairm@pn3.vsnl.net.in, nair@shreeconsultancy.com
  Job Code: CJ172241

- **SR MANAGER- MNC**
  Company: Great Search Staffing & Management Systems Pvt Ltd
  Job Profile: Should have experience in vendor development for casting/drive train and forging commodity/fabrication commodity/engine parts
  Experience: 6-10 years
  Location: Pune
  E-mail: eng999@greatsearch.co.in
  Job Code: CJ172007

- **PRODUCTION MANAGER - PRESS SHOP & TOOL ROOM**
  Company: Hitech Placements
  Job Profile: Should have press related knowledge and a fair idea of press tools and its maintenance
  Experience: 6-8 years
  Location: Bangalore
  E-mail: pushpa@hitechmanpower.com
  Job Code: CJ168505

- **PURCHASE ENGINEER**
  Company: MEKSOL India
  Job Profile: Should have good experience in any industrial purchase department
  Experience: 1-2 years
  Location: Bangalore
  E-mail: hr_meksol@rediffmail.com
  Job Code: CJ170575

- **AUTO ELECTRICIAN**
  Company: MEKSOL India
  Job Profile: Candidates should have experience in auto electrical
  Experience: 1-2 years
  Location: Bangalore
  E-mail: hr_meksol@rediffmail.com
  Job Code: CJ170579

- **CNC OPERATORS**
  Company: MEKSOL India
  Job Profile: Candidates should good knowledge in vertical machining, horizontal machining and turning
  Experience: 3-4 years
  Location: Bangalore
  Email: hr_meksol@rediffmail.com
  Job Code: CJ170141

- **MODELING USING SOLID WORKS**
  Company: Askexim Services Private Limited
  Job Profile: Should have hands-on experience in Solid Works 2005, in the areas of modeling packaging machinery parts and sheet metal covers
  Experience: 2-3 years
  Location: Coimbatore
  E-mail: Boschteam@askexim.in
  Job Code: CJ163579

- **HYDRAULICS TESTING ENGINEER**
  Company: Askexim Services Private Limited
  Job Profile: Experience in carrying out hydraulic equipment testing & measurements, electromagnetic equipments & measurements
  Experience: 1-3 years
  Location: Bangalore
  E-mail: Boschteam@askexim.in
  Job Code: CJ163968

- **PRODUCTION SUPERVISOR**
  Company: Vi-son
  Job Profile: Will be responsible for supervisory activities carried for production
  Experience: 4-5 years
  Location: Pune
  E-mail: paramjit@vi-son.com
  Job Code: CJ172162

- **MECHANICAL ASSEMBLY ENGINEER**
  Company: Satyam Sri Services
  Job Profile: Responsible for reading assembly drawings and doing/monitoring assembly of customised components
  Experience: 1-2 years
  Location: Bangalore
  E-mail: hr@satyamsri.com
  Job Code: CJ171045

- **ELECTRICAL PANEL DESIGNER**
  Company: Satyam Sri Services
  Job Profile: Should draw up control panel layout for customised machines based on wiring standards
  Experience: 1-2 years
  Location: Bangalore
  E-mail: hr@satyamsri.com
  Job Code: CJ171046

- **PRODUCT DESIGN**
  Company: Clients of Acculogix Inc
  Job Profile: Should have good experience on product design, sheet metal & plastics
  Experience: 1-8 years
  Location: Bangalore, Chennai & Pune
  E-mail: sr5.acculogix@gmail.com
  Job Code: CJ172005

- **MANUFACTURING TRANIEE - BSC**
  Company: Resources Placements
  Job Profile: Should be willing to work on machines and in shifts as applicable
  Experience: 0-1 years
  Location: Pune
  E-mail: resourcespune@gmail.com
  Job Code: CJ172146

- **DRAFTSMEN**
  Company: Resources Placements
  Job Profile: ITI/NCTVT - mechanical experience in drafting of sheet metal parts/fabricated assembiles, using Autocad 2002 and above
  Experience: 3-8 years
  Location: Pune
  E-mail: resourcespune@gmail.com
  Job Code: CJ172153

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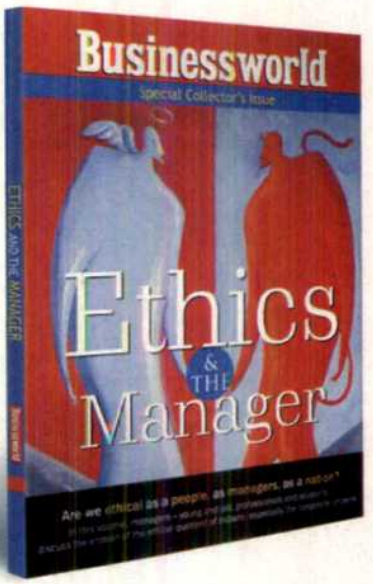

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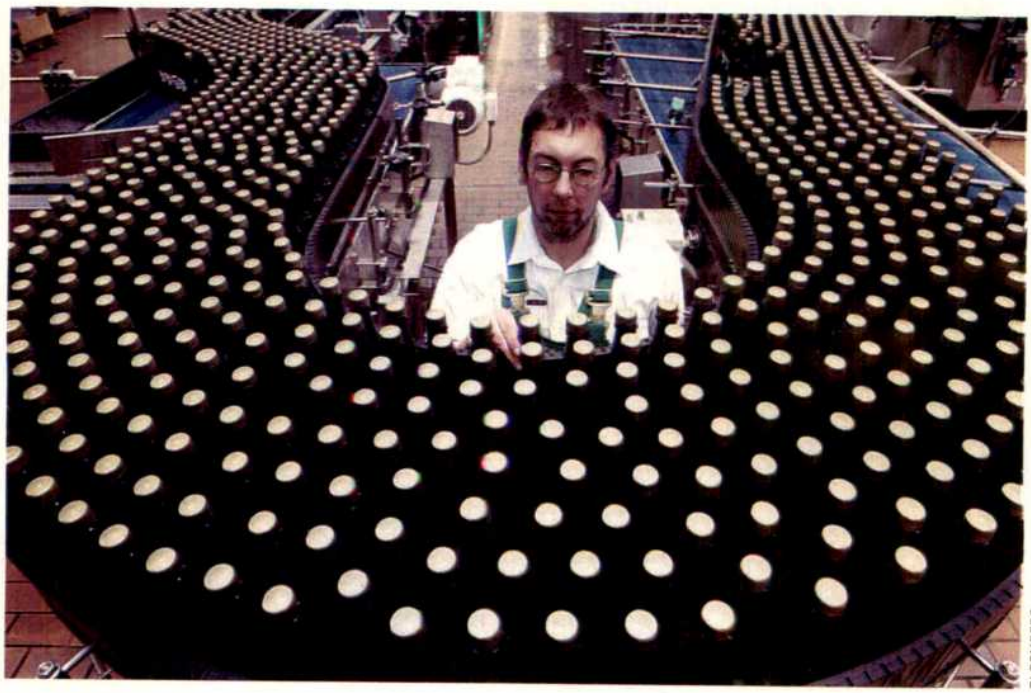
MICROBIAL FUEL CELLS

A Battery Of Bacteria

Bacteria can decompose organic waste and produce electricity in the bargain



BLOOMBERG

BACTERIA ZONE: Electricity-producing bacteria thrive on waste water from breweries

AS A BELGIAN-AUSTRALIAN, JURG KELLER LOVES his beer. But this professor in Queensland University looks at beer from a totally different perspective. His prime interest is breweries, and not beer itself. And in the past few years, he has focused his attention on an aspect of brewing that few people notice, except as an irritation — waste water. Keller is trying to use the dirt in the water to generate electricity.

Keller's colleagues in the university have now set up a pilot plant that is a first in the world: an industrial scale microbial fuel cell. Microbial fuel cells use bacteria to generate electricity. The bacteria in turn use organic waste as their food. A microbial fuel cell, thus, offers a double benefit. It takes care of the waste, and it gives us electricity without net generation of greenhouse gases. As the University of Queensland perfects the pilot plant, we would learn how long engineers would take to get the concept to commercial scale.

Meanwhile, many researchers around the world are also designing microbial fuel cells of different types, and several others are trying to understand key mechanisms that would help us design such cells. At Penn State University, in the US, Bruce Logan is designing microbial fuel cells of several kinds, including those that generate hydrogen instead of electricity. At the University of Boston, US, Tim Gardner is trying to understand the metabolic networks of current-generating bacteria, and then attempting to find ways of increasing that current.

Scientists are developing microbial fuel cells at University of Newcastle, Ghent University (with whom Keller has collaborated) in Belgium, Harbin Institute of Technology in China, and in several other labs in the world. In India, the Hyderabad-based Indian Institute of Chemical Technology and the Indian Institute of Technology (IIT) in Kharagpur have research groups developing microbial fuel cells. But do not expect a plant breaking down the sewage from your home, yet.

There is high interest in microbial fuel cells because they are one of the most benign methods of generating energy. They also take care of the serious problem of dealing with organic waste. Bacteria can deal with all kinds of organic waste: human waste, animal waste, food waste, and so on. At the moment, it is expensive to treat human waste, which is why

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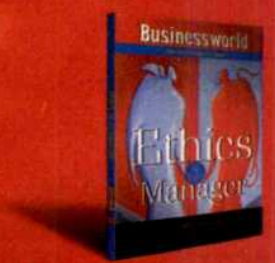

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BATES DAVID ENTERPRISE 1446

more than a billion people in the world do not have adequate sanitation. It is even more expensive to treat industrial organic waste, such as that from breweries. Says Keller: "The amount of waste water that breweries generate is so enormous that we can get a double benefit by using it as an energy source."

Nature is full of bacteria that can break down organic waste. While breaking them down bacteria generate free electrons, which combine with oxygen and protons to generate water. However, if we keep the bacteria inside a special electrolytic cell, and deprive them of oxygen, they have no choice but to transfer the electrons to the positive electrode in the cell. These electrons then travel through an external wire to the negative electrode, where they combine with oxygen and protons to produce water. If we give a constant supply of nutrients, we can get a constant supply of electrons, and, thus, a constant supply of current.

That is in theory. In practice, as Bruce Rittman, director of the Biodesign Institute at Arizona State University, says, "there are many technological challenges, and it will be a few years before we could get to the commercial stage". The institute has just discovered the mechanism by which bacteria transfer the electrons from the waste to the electrodes, thus generating a current. Such knowledge helps to designing microbial fuel cells.

Bioengineers are confident of solving the technological challenges soon, and microbial fuel cells show tremendous promise as future energy sources. "An important challenge now is to get the cost down," says Bruce Logan, professor at Penn State University.

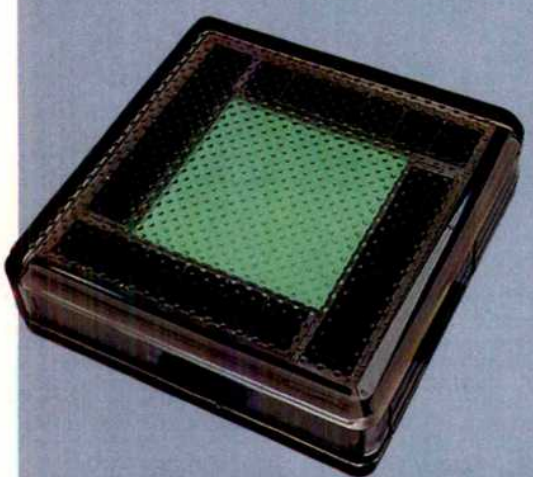
This will happen when more and more microbial fuel cells are built. You can expect to see commercial microbial fuel cells within five years. Some of them could be in residential complexes, working in tandem with sewage treatment plants.

Microbial fuel cells can be put to other uses as well. If we keep the negative electrode free from oxygen as well, the electrons will combine with protons and produce bubbles of hydrogen gas. We need to provide very little energy to generate hydrogen this way, about one-tenth of what we need to split water. Microbial fuel cells can also use the glucose in the blood to fuel your cardiac pacemaker. Once again, this is theory. But most bioengineers are confident of putting it to reality soon.

P. Hari in San Francisco

HOW THINGS WILL WORK

Bringing The Sun To Your Doorstep



THE GLOW: Artificial light sources may migrate inside wall panels for lighting up big buildings

LIGHTING CONSUMES 20 PER CENT OF our energy needs. Imagine the energy we could save if we did not use artificial lighting during the day, and used energy-efficient lighting at night. It will become the norm sometime in the future.

It is not easy to get the Sun inside a building, and there is no perfect method yet. A few years ago, the Oak Ridge National Laboratory in the US developed a solution that is now under field trials. This consists in getting sunlight through optic fibres into the room, and then blending this automatically with artificial light, depending on the intensity of sunlight. This seemingly simple solution provides high quality light that is supposed to make people healthier and more productive, but the technology is still not perfect.

Two tiny strands of optic fibre can bring into a room sunlight that can match a 60-watt bulb in intensity. However, it can carry light only about 50 feet. So, this system can be used just in buildings that have only one floor, or on the top floor of taller buildings. Yet it is enough, if used widely, to save billions of dollars. The savings can be higher when used along with Light Emitting Diodes (LEDs).

LEDs are small and consume little energy. They can be so small that they can migrate into objects that are present in the room, like wall panels. Top designers have already started experimenting with this idea, removing the light source as a separate entity in the room. When sunlight is brought routinely inside buildings in the future, it too does not need to be as point sources of light. We would gradually see the disappearance of the light bulb inside buildings.

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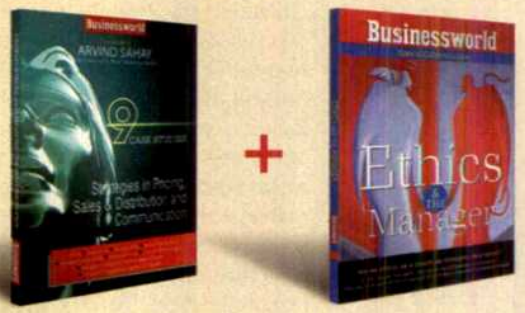

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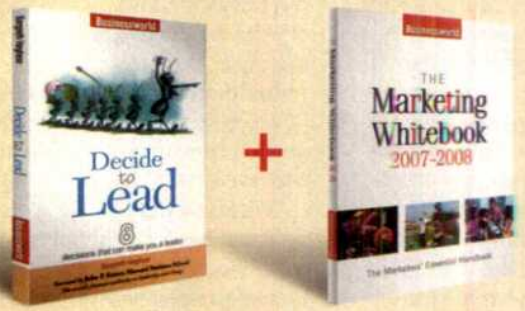

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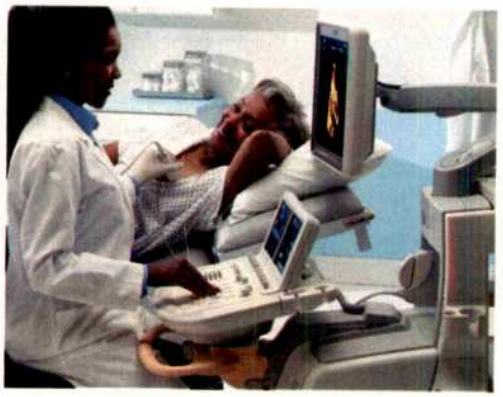


CLEAR FOCUS: Metamaterials can bend waves in bizzare ways

A GUITAR AND AN ultrasound machine may seem to have little in common. But, using the principles that create complex tones on a guitar, scientists at the Indian Institute of Technology (IIT), Kanpur, and Liverpool University, UK, have designed on the computer a new composite material that would improve resolution of ultrasound scans. This 'metamaterial' is yet to be created. "The fabrication of this material is not difficult because its acoustic properties are like that of silica," says IIT physicist S. Ananta Ramakrishna.

The research team, which included scientists from the University of Liverpool and Institut Fresnel in France, thinks that a flat lens can be made out of this metamaterial — a material that gains its properties from its structure rather than its composition. The material appears to defy the laws of physics as it allows objects to appear exactly as they are rather than upside down as seen in a normal convex or concave lens.

"We know that light can be controlled using metamaterials. Now we have produced a mathematical model that proves this theory may work for sound also," explains Sebastien Guenneau, a University of Liverpool mathematician. Gaining full control over sound waves is of particular significance in ultrasound applications.

Conventional ultrasound machines have a resolution of 2 to 3 millimetres. A kidney stone or a foreign object inside the body smaller than this may go unnoticed in an image. If we improve the resolution, we may be able to spot congenital birth defects or other related problems of a baby much better. The same technique can also be applied to oil drilling and checking cracks in an airplane body.

T.V. Jayan

SCIENCE BUZZ the fortnightly update on innovations and tech policies

Einstein Ring
NASA's Hubble Space Telescope on 10 January revealed a never-before-seen optical alignment in space: a pair of glowing rings, one nestled inside the other. The phenomenon, called gravitational lensing, occurs when a galaxy bends light rays from a distant galaxy lined up, behind it. The light forms a circle, called an 'Einstein Ring'. If another background galaxy is on the same sightline, a second, ring appears.

Derma Protection
People have always thought that stress increases susceptibility to infections. According to dermatologist Peter Elias of University of California, stress may weaken your first and best defense against germs: your skin. Stress

boosts chemicals that block the production of skin fats, which are needed to ferry the antimicrobial proteins to skin surface.

No Need To Resist
Doctors are creating a pill, containing polyphenols, that lets you eat burgers without putting on too much weight. Dr Kanner, a food-science researcher for the Israeli government,

published his findings – polyphenols, taken with a meal, limit oxidised fats from being absorbed into the blood and discarded them as waste. Oxidised fats, which damage our bodies, are found in all meats.

LUXURY

Young Bucks

Luxury car makers are reorienting themselves to cater to the young rich Indians

THE IMPERIAL MERCEDES BENZ 600 IN MIDNIGHT blue effortlessly overtakes you (even though you're breaking the speed limit yourself) and you cannot help admire its silhouette and form as it glides by. You also cannot help notice the driver is not a uniformed chauffer or a grey-templed titan but a scruffy looking 20-something year old. No, he's not the son of a grey-templed titan. The driver's father is as likely to be a retired civil servant or an accountant. A whole new generation of self-made millionaires in their 20s and 30s is cropping up in India and they struggle to leave behind their middle-class backgrounds and fulfill their boyhood dreams by spending lavishly on boys' toys. And car companies are sitting up and taking notice.

In the old days, car prices all over the world

CONTINUED LEGACY: Jaguar S-type may find an Indian owner, fuelling demand from Indian buyers

In Vogue

CATCHING THEM YOUNG: Cars such as the new Mercedes C-class and Dilip Chhabria's 'S' concept are being targeted at a younger set of buyers

were correlated to age. The smart, zippy Honda Civic was targeted at college kids (yes, despite the image of the 'luxury' image of the Civic here in India, it's really a young person's car). Newly minted parents were lured into buying mini vans. Stable middle-agers were the target of Toyota Camry marketing managers. It was generally only people in their 50s and 60s who were expected to buy $100,000 Jaguars.

Not so these days. More owners of luxury automobiles such as a Mercedes, Audi or BMW now come from a younger generation. "Our typical owners these days are young, successful entrepreneurs who are between 35 and 40 years old," says Wilfried Aulbur, the president and CEO of DaimlerChrysler India. That explains why Daimler, which owns the Mercedes brand, has started to use words such as 'young' to describe its design and "fun" to describe the engine performance of products, such as the new C-class. According to Aulbur, Mercedes' technology road map is now focuses on areas such as driver comfort, entertainment and fun driving. The new C-class, for example, comes with Bluetooth connectivity and an iPod docking station.

Credit this to a country that regards competence higher than years of experience. Many of India's nouveau-rich have acquired their wealth on the back of the boom in modern industries such as information technology and private equity. The country also happens to have the third highest aggregation of billionaires in the world after the US and Germany. With 54 of them, even China and Japan have less than half.

Young Indian customers also demand different things from their luxury cars. Their grandfathers may have fallen for the leather and walnut burl interiors. But an enthralling driving experience is what the new generation wants. BMW has been the quickest — and most well positioned — to tap into this trend. The company recently organised a driving lesson called 'Discover Driving Pleasure' to familiarise Indian drivers with a variety of features in its cars. "The year 2007 was the most successful market entry for BMW in any country recently," says Peter Kronschnabl, president of BMW India. "If you want to benefit from the dynamics of the Indian market, you need to act today. That's what we did."

Car designer Dilip Chhabria also has the younger set in mind for his new concept car. He intends to produce and sell 300 units of the 'S', an affordable sports car. Chhabria says that his target market is the youngster who asks his father for a Lamborghini or Ferrari. "It's always easier to gift a Rs 25 lakh car instead of a Ferrari," says Chhabria. At that price the 'S' is at least four to five times cheaper than its more up-market Italian rivals.

Globally, the high-end car market is expected reach approximately 12 million cars by 2013. With more than 10 million high-end customers in India, the country will most certainly be eyed as a big bet for luxury car makers.

Buckle up. Things are about to get really stylish, really soon.

Pierre Mario Fitter

AMIT VERMA

FOOD AND BEVERAGES

Treats from world's rum capital

RUM DRINKERS IN India have reason to be in high spirits. Three brands from the stable of Rhum Clément, makers of premium white and dark rum have been introduced in the country for the first time.

A TASTE OF AMBER: India gets a taste of quality as distilleries visit the country

Imported from the 120-year old Distillerie Clément in Martinique in the Caribbean, the range includes Clement V.S.O.P. dark rum, Rhum Clément Première Canne White Rum and Clement Liqueur Creole Shrubb.

The Creole Shrubb is a particularly interesting blend. It is made with white and aged rums infused with sun-bleached bitter orange peel and pulp along with Creole spices. It is the traditional holiday spirit of Martinique. Currently, available only at the five star hotels and fine dining establishments, it will be a while before the range is available at retail outlets.

Those who favour wine also have new arrivals. Two leading Italian vineyards, Donnafugata and Carpene Malvoti, have just launched their vintages in the Indian market. The winemakers from both vineyards were in the country recently to be part of Vinitaly India, an exhibition that included wine tastings from some of the best vineyards in Italy.

With wineries and distilleries across the world turning their eye to India, it's time to raise our glasses and sip away.

Sumati Nagrath

Weather station on wrist: Finland's Suunto makes watches for mountain climbers and skiers. Loaded with altimetre, barometre, compass and the timer features, they are now available in India.

Entertainment

THE WITCH IS BACK

KATE BUSH (KB) GAVE the music industry a 'Kick Inside' when her debut album hit the stands in 1978. The English girl was barely 18 then and the term 'alternative music' was not even born. The album is once again available in music stores in India after a hiatus.

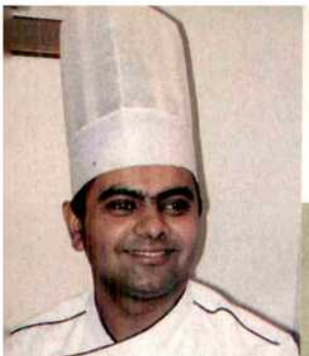
In an era when disco was cool and punk was distorting the rock music genre, KB's sound came as a whiff of freshness. A classically trained musician with a soprano voice, she offered the sober music listeners something to sit down with. She brewed a singular concoction of rock music that defied off-the-shelf categorisation, and her brand of music influenced the music of many female singers who followed, including Tori Amos, Norah Jones, and Sheryl Crowe.

The most remarkable tracks on this CD are 'Wuthering Heights' and 'Man with a Child in His Eyes'. Those who have read Emile Bronte's classic novel, *Wuthering Heights* will particularly appreciate the song based on the novel's theme. Pink Floyd's David Gilmour plays guitar on a few tracks of this album.

KB's music in this album sounds gothic and bears influence of the baroque era. She plays piano melodies with élan and her soulful lyrics are worth paying attention to. It is a great album for those music aficionados who like to listen to their music when everything else is quiet.

Vishal Krishna

In Vogue



ANURAG BALI: Executive Sous Chef, The Claridges, New Delhi

BON VIVANT

Palate Pleasers

THE LAST COUPLE OF YEARS HAVE TRANSFORMED Indians from diffident homebodies to daring adventurers — in outlook and in food choices.

More and more Indians are travelling abroad and getting exposed to food from diverse cultures. Also, with women taking up demanding careers, Indians are eating out like never before. This trend will gain moment this year.

The Chinese, Italian and Mexican foods are no longer exotic. Customers are asking for less familiar food such as Brazilian, Spanish, and Vietnamese. Also, they are demanding the authentic fare with imported ingredients and not just Indian adaptations.

Fine dining restaurants have started the trend of degustation menu where the guests have the choice of trying out several dishes as they are served in small portions instead of going for just two or three dishes.

The quest for the exotic is also making them look inward, beyond the usual restaurant fare of Mughlai, Punjabi or South Indian. Less common regional cuisines, such as Rajasthani and Gujarati, are finding takers across the country.

'Low' is the buzz word today. People are looking for foods that are low in calories, fat, and salt. Many customers are asking for gluten-free, probiotic foods. Also, seasonal is in and the fancy is out. Seasonal menus in restaurants are becoming an added feature focusing on vegetables and ingredients available freshest at a particular time of the year.

It is a great time to be in food business, but also very challenging. The menu has to keep up with the latest on the international food scene. High-end Indian restaurants are beginning to hire expat chefs. Only the global chefs will survive in the best restaurants.

TRAVEL

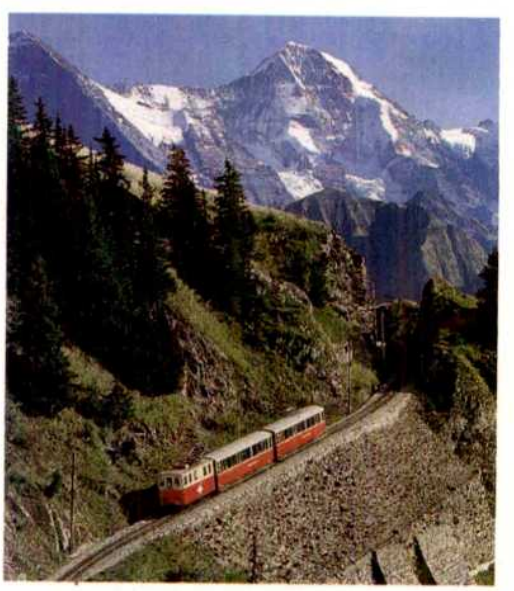
Of Tilted Glasses...

SWISS TRAINS ARE AS fascinating as the country's natural splendour. Its mountainous areas offer scintillating rides on modern as well as old cogwheel and funicular trains.

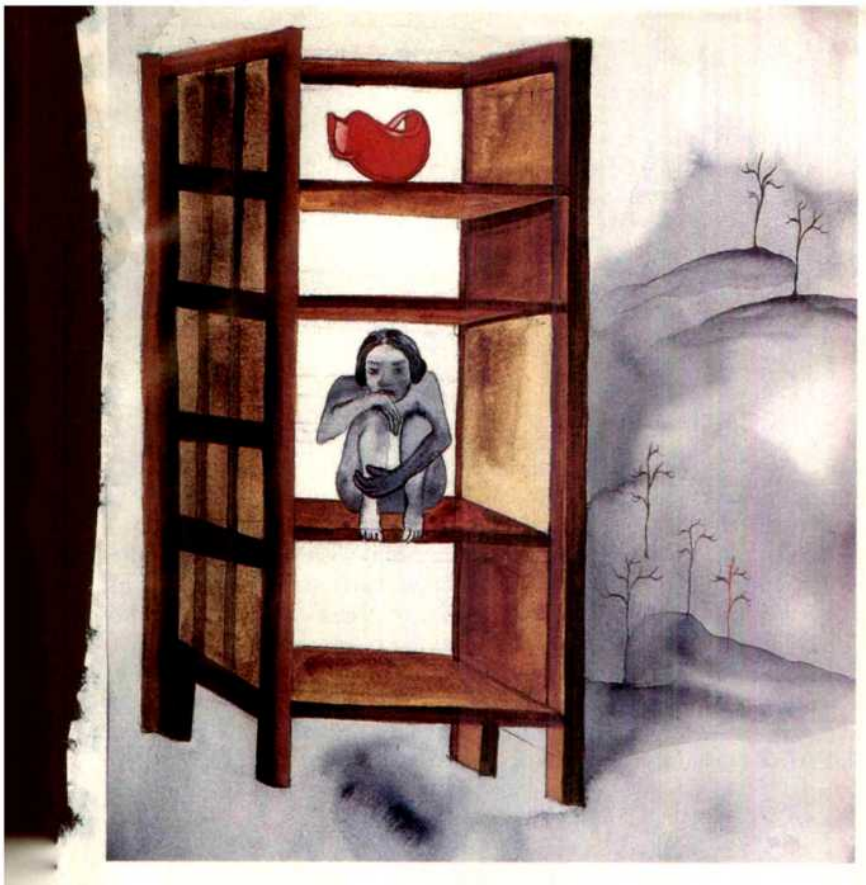
The Glacier Express is the best know Swiss mountain train. It takes one from Zermatt to St Moritz, a 275 km journey through picturesque mountains and meadows. It crosses 91 tunnels and 291 bridges as it trundles along at a leisurely pace of 36 kms an hour. In keeping with the Swiss attention to detail, wine is served in tilted glasses to compensate for the gradient of the slopes, which prevents glasses from falling over during the train's descent or ascent.

For the aficionados of cogwheel trains, there is nothing to beat Jungfraubahn — the little train that travels 12-km from Kleine Scheidegg to Jungfraujoch inside a tunnel. It starts in meadows and climbs up to 3,454 metres high Jungfraujoch station through Switzerland's best known mountains — Eiger (Ogre) and Moench (Monk). On the way, there are two sightseeing points — one is cut through the sheer north wall of Eiger, the other is at Eismer (Sea of Ice).

It is worth going a long way for a ride on the Swiss mountain trains.



SWISS MOUNTAIN TRAIN: A great way to soak in Swiss scenery



ART & LITERATURE

Art Attack

The Capital offers a variety of choices for those inclined to art, literature and theatre

JAMES JOYCE MAY BE A HOUSEHOLD NAME IN THE world of literature, but other literary gems from Ireland remain hidden. Often overshadowed by North American and European literary stars, Irish writers have not always received the attention they rightly deserve.

Literature aficionados will have the have the opportunity to discover works beyond those of Ireland's best known literary export, James Joyce, during the country's Irish Literature Festival, which takes place in Delhi through January.

The Embassy of Ireland and the Ireland Literature Exchange have brought several writers and poets to Delhi to interact with Indian readers. These include Conor Kostick the editor of the Socialist Worker and the author of several books. He recently penned *The Book of Curses* — a children's book. Claire Kilroy is also here. Her début novel, *All Summer*, won her the Rooney Prize for Irish Literature in 2004 and her second novel, *Tenderwire*, was shortlisted for the 2007 Hughes & Hughes Irish Novel Award. One of the highlights of the festival is the reading by author poet Derek Mahon, who has been named as one of the ten most important Irish writers of all time by the Irish Times.

Those looking beyond words for colour and drama to jazz up an otherwise rather drab January need not despair. Fiction takes a surreal turn even as it blends with reality at an exhibition of the works of Baroda-based artist Sharmi Chowdhury.

Showing till the end of the month at the Art Alive Gallery in the Capital, Chowdhury's body of work includes tempera on silk, oil on canvas and watercolour on paper. Her eclectic use of media heightens the alternative universe that she paints — one in which animal and human worlds come together in rather discordant ways. The most striking facet of Chowdhury's works is the way in which she maps onto animals what are easily identifiable markers of femininity in the human world.

Also on show in January is the British theatre director Tim Supple's adaptation of Shakespeare's *A Midsummer Night's Dream* . It comes to Delhi via Mumbai and Bangalore. Commissioned by the British Council. the show's cast is multi-ethnic and parts of it are performed in English, Tamil, Malayalam, Sinhalese, Hindi, Bengali, Marathi and Sanskrit.

Such impressive ensemble of art, theatre, and literary events should warm the winter of the cerebral.

Sumati Nagrath

WHEN IMAGES SPEAK BACK: Sharmi Chowdhury's works

Life Of A String-puller

by ashok v. desai

BRUSHES WITH HISTORY
AN AUTOBIOGRAPHY BY KRISHNA KUMAR BIRLA
PENGUIN VIKING, PAGES: 655; PRICE: RS 650

KRISHNA KUMAR BIRLA'S FATHER, GHANSHYAM DAS Birla, was a supporter and benefactor of the Congress in pre-independence India. Gandhi*ji* was staying in his house in Delhi when he was assassinated. G.D. Birla helped many other leaders of the Congress as well. Since the British government did not have industrial controls, at any rate till the War began in 1939, helping nationalists was not such a risky thing to do.

Still, G.D. Birla was one of the few Indian industrialists who openly helped the nationalist cause (Jamnalal Bajaj was another). When controls were introduced after independence, the government acquired considerable power to help or harm industrialists. In those years, G.D. Birla's investment in relationships with Congress leaders paid off. The Birla group got many industrial licences, and expanded into India's largest industrial group. G.D. Birla died in 1983; K.K. Birla, his eldest son (there was an older daughter), was then 65 years old.

There was no complete division of inheritance; G.D.'s heirs had and still have cross-holdings. But the management of the units was divided up. K.K. got seven sugar mills and Texmaco. Sugar mills give a more or less steady income year after year; so K.K. had no financial worries. And industry is not his passion; it hardly figures in this autobiography. K.K. continued his father's tradition of befriending politicians, and added senior bureaucrats to the circle of acquaintances. He dined (but did not wine) them, did them favours, built up relationships and used them for business or ingratiation when necessary.

This book is chiefly about the important people K.K. has known and knows, how he has nurtured relationships with them, and how he has helped out various people by means of these relationships. He is disarmingly frank about networking and its practical uses. For example, "The news regarding Pandit-*ji*'s [i e, Jawaharlal Nehru's] liking for me soon got around and gave me improved status in the business circles and the bureaucracy".

The book has a preface by Sonia Gandhi and a foreword by Vir Sanghvi. It is divided into five parts: K.K.'s early life, relations with Indira Gandhi, K.K.'s later life, miscellaneous 'vignettes', and letters. The first part has some interesting details about the lifestyle of the Birla family. The Birla family emerged from rural Rajasthan after mid-19th century; its businesses made it well off, but until G.D. built up its empire, it was not outstanding. K.K.'s grandfather eventually settled down in Benares; K.K. himself is quite devout. The family has built temples, and funded many more. Most of its members have married within similar business families, and lived placid domestic lives.

The second part is the heart of the book. K.K. used to look up Indira Gandhi when he went to meet Jawaharlal Nehru. When she nationalised banks in 1971 — amongst them, the Birlas' United Commercial Bank — K.K. became disillusioned with her. He stood from Jhunjhunu as a Swatantra Party candidate in the general election, and was defeated. Then he went to Indira Gandhi and made it up with her. He cultivated, successively, Sanjay, Rajiv and Sonia; he has been a supporter of the family since 1971.

K.K.'s vignettes are a miscellaneous collection of reminiscences — for example, of running out of petrol while driving in England, of going to see the Niagara falls from the American side and crossing over to the Canadian side without a visa, of overtaking the car of the British police

BROWSING
H.S. Bharana
Chairman,
Era Group

I am reading The Art of Project Management by SCOTT BERKUN. It covers all aspects, right from practical methods for ensuring work gets done right and on time, to the mindset that can make you a great leader. It also gives tips on using the four basic elements of a project: resources, time, money and most importantly, scope. I also enjoy reading biographies and autobiographies, especially of people who have changed the face of Indian economy. I tend to buy books based on recommendations of my fellow workers.

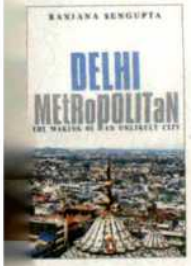
KRISHNA KUMAR BIRLA, is chairman of several companies in areas as diverse as textiles, sugar, engineering, shipping, fertilisers and information technology. He was a member of the Rajya Sabha for three successive terms from 1984 to 2002 and served on several committees of Parliament and has been on the central board of the State Bank of India and ICICI.

commissioner of Delhi in 1936, who proceeded to charge K.K. with speeding, and so on.

The correspondence in the last section is largely inconsequential — people asking for, or thanking K.K. for money, asking for a job for a relative, and so on. Considering the entire contents together, this is a curious autobiography. It is not a narrative of K.K.'s life, nor a real-life entertainment, nor a summing-up. It is a collection of encomia interspersed by mostly trivial correspondence from K.K.'s well-kept files. He has praise for virtually everyone except Rajendra Lodha, whom Priyamvada Birla left her entire wealth under a will that the rest of the Birlas are contesting.

His idea of interesting events is unlikely to be shared by many. Someday, however, when someone writes a history of the Birlas, this book will prove a valuable source of footnotes.

SELECTION 1



Love It, Hate It, Can't Ignore It

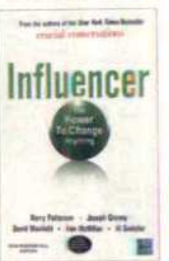
DELHI METROPOLITAN
THE MAKING OF AN UNLIKELY CITY BY RANJANA SENGUPTA
PENGUIN
PAGES: 248; PRICE: RS 250

DELHI HAS TO BE ONE OF THE MOST MISUNDERstood and maligned cities in the country. Its real as well as perceived 'unfriendliness', brashness', 'yuppiness', 'punjabiness' and 'rowdiness', often lead to rambling justifications and profuse apologies by many of its residents, as they struggle to explain their seemingly inexplicable love for this "ferocious, restless, relentless metropolis". Ranajana Sengupta's DELHI METROPOLITAN is a validation of sorts for those of us who would never dream of ever leaving this "largely unloved" city. The premise of Sengupta's book is formed by the understanding "that each of us who lives in this city carries a unique, if virtual, Delhi inside our heads". Even as it resolutely refuses to indulge in the peeling of Delhi's multilayered history, the book celebrates the multiple universes of the city, which are illustrated through the example of the Aurobindo Marg in the capital's south — "A thousand years of history, government dwellings, swank colonies, inexpensive shops, high end retail emporia, regional outlets — it is all there, Delhi's amazing eclectic mix".

A repository of ancient, Mughal and imperial histories, Delhi is also home to the near-continuous influx of refugees and immigrants who, while creating their own spaces, constantly transform both the skyline and the character of the city. Sengupta takes the reader through the narrow lanes of the village of Chirag Delhi and the vast expanses of Lutyen's Delhi in an academic-cum-tour-guide role, which is at once educative and enjoyable for those who are insiders to the city. But with geography forming the basis of the book, the fact that it is devoid of maps and photographs can be a major drawback for readers who are unfamiliar with the city and its haphazard development.

—Sumati Nagrath

SELECTION 2



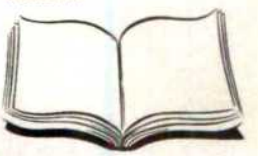
Change, Don't Just Cope

ANOTHER ADDITION TO THE never-ending list of how-to-do books, INFLUENCER — THE POWER TO CHANGE ANYTHING combines the insights of behavioural scientists and business leaders with the real life stories of people who have actually "influenced" others and effected change in all walks of life. Patterson et al question the prayer which tells us to "ask for serenity to accept the things you cannot change, the courage to change the things you can, and the wisdom to know the difference." After meeting people from Boston to Bangkok to Burkina Faso, who have effected change in areas where none would have thought possible — changing organisational culture, eliminating drug addiction, cutting back on HIV/AIDS infection rates — they found that what people lacked was not the courage but the *skill* to influence.

Like all how-to-do books, this one, too, promises to improve your life, although with the caveat that "not everyone will become influencers with a capital 'I'". Arguing that a majority of people tend to 'cope' with situations rather than try and 'change' them, the authors share the tools and techniques of individuals they consider to be the world's most influential people such as Mohammad Yunus of Grameen Bank, Donald Hopkins of the Carter Centre, Wiwat Rojanapithayakorn of Thailand's Ministry of Public Health among others. One of the best 'insights' that this rather engaging book shares seems almost commonsensical at one level — "give verbal persuasion a rest and try to help people experience the world as you experience it".

—SN

ALERT



LIBERAL FASCISM: THE SECRET HISTORY OF THE AMERICAN LEFT FROM MUSSOLINI TO THE POLITICS OF MEANING
BY JONAH GOLDBERG
DOUBLEDAY
A book that raised quite a storm even before it was published, *Liberal Fascism* explores political theories and the origins of fascism. The contention that there are striking similarities between the politics of the left and fascist ideology is what makes the book an uncomfortable read for many liberals. Goldberg argues that fascism, which was an international movement, took different forms in different countries. A well-researched polemic, the book is bound to raise more than just a few eyebrows.

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A FORTNIGHT AGO WE HAD OCCASION TO COMMENT on what we thought was a particularly dim-witted idea from that fount of rotund wisdom, the Reserve Bank of India. The idea, which it had floated in a discussion paper, was that the automatic teller machines of every bank should be made available for cash withdrawal, free of cost, by all customers, regardless of which bank they had an account with. On the face of it, it sounds very attractive: which customer would object to it? But there is no correlation between attractiveness and intelligence, as many people have discovered after marriage and other errors. For if a bank could earn nothing from an ATM, there would be no reason for it to spend on setting up new ATMs. Unlike the Reserve Bank, which makes huge profits irrespective of whether it does anything, banks have to work to make a profit. What is worse, now that the Reserve Bank has given banks an inkling that it may expropriate their investment in ATMs, no sensible bank will install a new ATM anywhere.

BLOOMBERG

RBI's campaign against ATM charges is incongruous, for its embargo on fresh bank licences is the root cause of banking oligopoly

Since the editorial was written, the Reserve Bank has unveiled some more of its mindlessness. Addressing a conference of the Indian Banks' Association, R.B. Burman, executive director of the Reserve Bank, said that since banks deliver cash to customers free of cost at the counters of their branches, charging for the service in ATMs amounted to cornering of consumer's surplus.

Now, that is clever. Textbooks in elementary economics explain consumer's surplus in their early pages by means of a graph. They show a rightward-rising supply curve crossing a rightward-falling demand curve, draw a line from the meeting point to the y-axis to show how the market price is determined, and tell us that the area between that horizontal line and the demand curve above it is consumer's surplus. All consumers get the product or service at the market price, but many of them would have been prepared to pay more than the price. The sum of the differences between what they would have been prepared to pay and what they actually pay is called consumer's surplus; it is the money the consumers save because the service provider cannot charge each the highest price he would be prepared to pay. And if bank charge for ATM service, then they are in a sens 'capturing' some of consumer's surplus.

So far, so right. Where Mr Burman goes wrong is in assuming that banks that give cash free of charge at the counter are not capturing consumer's surplus. They are only capturing it in another market, namely in the market for credit. They give depositors much lower interest than they charge borrowers; of the enormous profits they make, they use a small part to employ the counter clerks who hand out cash. The average bank customer has no idea what obscene profits banks make on the money he lends them: roughly speaking, they lend it out at twice the price they pay him.

How can they get away with such profiteering? Although Mr Burman did not have these profits in mind, he was absolutely right when he said that the banks are an oligopoly, and have ganged up. He thinks they have ganged up to rig ATM charges. That is small change. Far more shocking is their ganging up to ensure that the depositor gets less than half of what they earn on the money he gives them.

And the reason they have ganged up is not that they are wicked, profit-maximising capitalist institutions, as Mr Burman seems to think. They have ganged up under the leadership of the big brother, the Reserve Bank. For the Reserve Bank has the privilege of deciding who may enter banking business and who may not; and it has not allowed newcomers into the business for a decade at least. It is a lucrative business, and many people get into lending. Then the Reserve Bank calls them Non-bank Finance Companies, and closes them down, or at least makes sure they do not compete with banks.

So if banks are an oligopoly, and if they gouge profits out of poor depositors left and right, it is because the Reserve Bank enables them to do so, and because it kills off all attempts of possible competitors to reduce those profits and give depositors a better deal. The Reserve Bank is the mother of all oligopolists.

We would get cheaper banking services if there were no Reserve Bank. It would like to think that it stops rogue bankers from running away with our money. But many rogues have run away; the only reason why depositors did not lose was that the government reimbursed them from taxpayers' money. The Reserve Bank still has to prove that it has any social utility.

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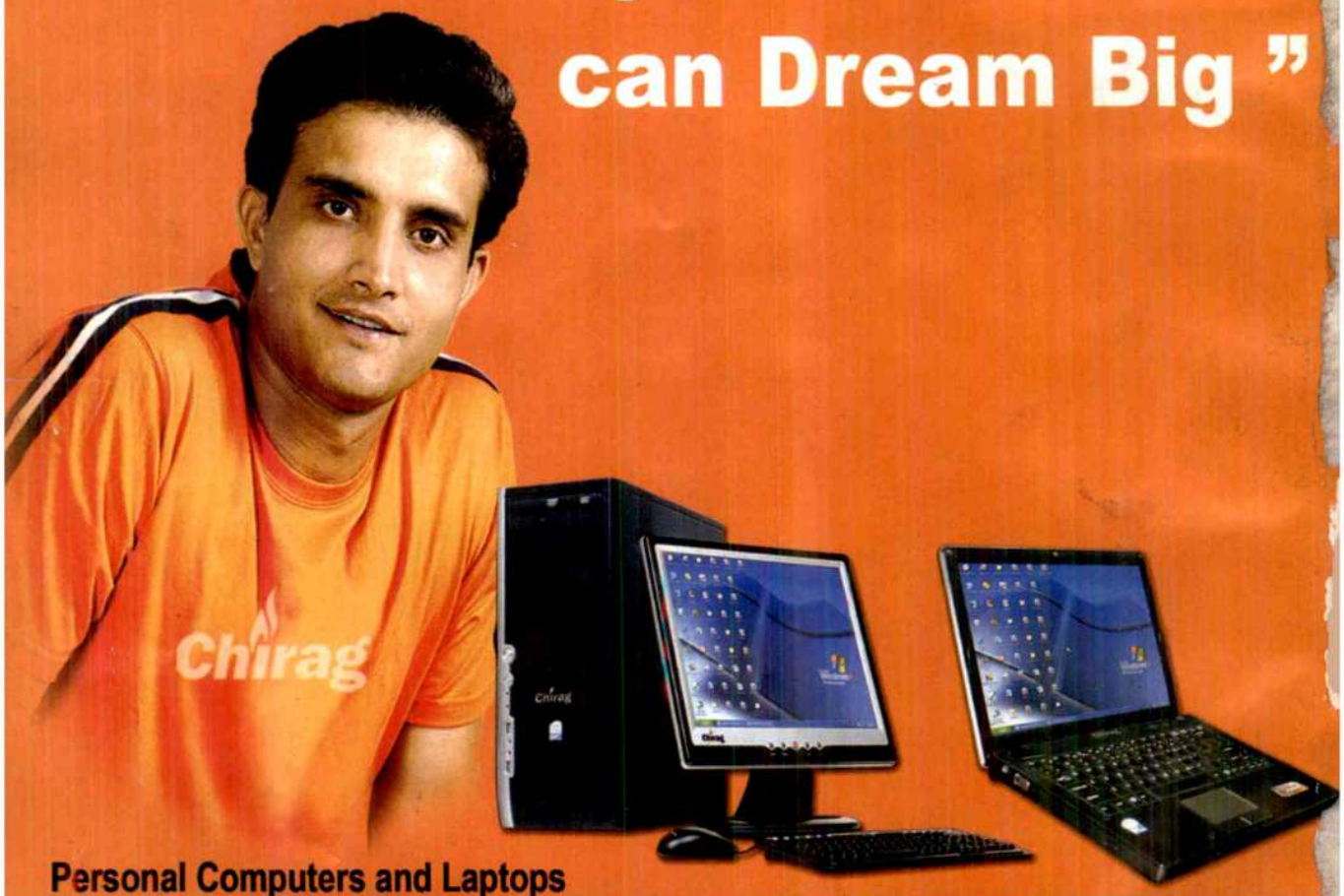

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